

Registered number: 07964699

**DIGITAL CATAPULT**  
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



**DIGITAL CATAPULT**  
**(A Company Limited by Guarantee)**

**COMPANY INFORMATION**

<b>Directors</b>	I A Baverstock A J Green R H Ironside N D Sanders L Shesgreen J Ridley-Smith J Silver S Thomas
<b>Company secretary</b>	R French
<b>Registered number</b>	07964699
<b>Registered office</b>	101 Euston Road London NW1 2RA
<b>Independent auditor</b>	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG

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**DIGITAL CATAPULT**  
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**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Introduction**

The directors present their Group Strategic Report for the year ended 31 March 2016.

**Business review**

Whilst we can be proud of the fact that digital tech industries in the UK are growing 32% faster than the rest of the economy and that digital technology contributes around £145bn a year to the UK, we cannot afford to be complacent. This is why the UK needs the Digital Catapult. As a neutral not-for-profit organisation, we are uniquely placed to work with businesses, academia, innovators and the public sector to tackle some of the major digital challenges that are creating barriers to helping businesses and the economy thrive.

Andy Green

Non-Executive Chairman

This is the third year of operations and the Digital Catapult has had a successful year in helping to accelerate commercialisation by applying research and engineering to the new business models that drive the digital economy. Our projects have focused in line with the strategy as set out last year, in the four key areas:

- o Sharing closed organisational data
- o Trust in sharing personal data
- o Sharing IoT data
- o Sharing creative content

Our aim is to help deliver economic growth and enhanced productivity for the UK through connecting big businesses with SMEs, open innovation and developing projects around emerging technologies.

We have built depth and expertise across a range of technologies that underpin our overall focus in projects that accelerate innovation in sharing data to solve specific sector and market challenges. This includes data science, machine learning, blockchain, IoT architectures, cybersecurity for complex systems, data scientists and data architectures for privacy and security. We work collaboratively and our model is to supplement our resources by convening relevant partners and their expertise from across the UK into each project. We have run 11 Pit stops, working with 146 SMEs with 21 solutions being taken forward by Corporates. Our 'Pit stops' are open innovation sprints focused on solving specific organisational challenges working with innovators from our extensive university and SME ecosystems. This has enabled big corporates to work with SMEs and develop new solutions, insights and economic opportunities for both.

We have worked with over 450 organisations across Europe in our collaborative R&D programmes to deliver relevant and innovative bids. In the European Commission's budget mid-term review, we were the highest ranked UK organisation in our category for winning Horizon 2020 funding.

This year we have worked closely with over 1,000 SME's, secured in excess of £3.7m new contributions for the UK's digital economy and delivered 25 projects. Many of the SMEs that we have worked with so far have experienced significant growth and new opportunities as a result. In a recent survey of SMEs who have worked with us, 94% of the respondents said that their progress would not have happened as fast or at all without the work of the Digital Catapult.

We have also collaborated with more than 40 universities across the UK to enrich our innovation activities with the business community and helped accelerate commercialisation of research. We are also delighted that our work with EPSRC has resulted in the launch of the researchers in residence programme at our London centre.

Recognising that the digital economy is much more than London, we continued to pursue our centre strategy in collaboration with Local Enterprise Partnerships, universities, startups and big businesses. In addition to our existing centres in Brighton, Bradford and Sunderland, we also launched a centre in Northern Ireland. The centres allow our work and impact to spread faster – often stimulating and accelerating other local data initiatives – and we are delighted with the support and engagement we've experienced.

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**GROUP STRATEGIC REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

The launch of IoTUK has been another highlight. IoTUK ([iotuk.org.uk](http://iotuk.org.uk)) represents a huge opportunity to convene and build a UK-wide movement innovating with new IoT data driven services and products. This ambitious programme has given us the opportunity to work with partners to help advance the UK's IoT capability – including Future Cities catapult, EPSRC, NHS England, Innovate UK, Office for Life sciences, Department of Health and Department for Culture, Media and Sport. With the announcement of the successful IoTUK testbed and demonstrator locations, we are looking forward to playing our part in ensuring the UK is a world leader in the new IoT era. We were proud to win the international 'iot wrangler award' for our work on this programme.

This was the first full year of trading for our subsidiary, Digital Catapult Services Ltd (DCS Ltd) and we are pleased to report £700k of income with the main focus on Open innovation services. DCS Ltd is not permitted to compete with the open market. Open innovation services are directed at unlocking data with privacy and trust, enabling innovators to engage in specific challenges. Our role is to secure the necessary programmes that allow us to commercialise new ways of thinking and to accelerate the adoption of sharing data within the UK.

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. The Catapult continues to evolve its strategy under new leadership and drive achievements forward and on to the next level. As well as data sharing, other new areas such as blockchain, the Internet of Things, artificial intelligence and virtual reality, offer further opportunities for digital innovation and will feature as enhancements to the strategy going forward. These new areas capture public imagination and offer great commercial prospects for the UK in global markets.

**DIGITAL CATAPULT**  
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**GROUP STRATEGIC REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Highlights of achievements in year:**

**TECHNOLOGY PROJECTS**

**SHARING CLOSED DATA BETWEEN ORGANISATIONS**

We created two data exchanges, the Building Data Exchange and Environmental Data Exchange.

**SHARING PERSONAL DATA IN A WAY THAT'S SECURE**

We started development with BSI on a Publicly Available Specification (PAS) for trust icons. We have set up a Personal Data and Trust Network with over 300 companies who are committed to this initiative.

**SHARING CONTENT AND LICENSED DATA**

We have been developing a fully open source platform, the Open Permissions Platform (OPP), to address the cross-industry problem of efficiently managing the discovery of licensing and lending digital creations – minimising hassle and maximising productivity and enabling new solutions for these content creators. This can also enable any industry where data needs to be licensed. We have been also building an active community around the OPP

**SHARING DATA GENERATED ACROSS THE INTERNET**

We had a central role in IoTUK as part of the Government's £40m investment in IoT - Coordinating our work alongside Research Hubs, a City Demonstrator and NHS IoT health and care testbeds.

We also launched the installation of London's first low powered sensor (LoRa) base stations across London etc

**PARTNERSHIPS/COLLABORATION WITH DIGITAL CHAMPIONS ACROSS ACADEMIA, INDUSTRY AND THE SME COMMUNITIES**

We have had a very strong year during which we have been recognised as the most successful UK organisation in our sector by the Horizon 2020 monitoring report for grant awards signed by end of December 2015. We worked with over 450 organisations across Europe to deliver relevant and innovative bids.

**COMMERCIAL INCOME**

We achieved circa £700k of commercial income in line with targets set by Innovate UK. Our commercial activities are carefully targeted to always be aligned to our 4 challenge areas and always designed to drive UK innovation and SME engagement.

This year our main focus has been on Open Innovation Services - innovation sprints focused on solving specific organisational challenges working with innovators from our extensive university and SME ecosystem. They have enabled big corporates to work with SMEs and develop new solutions, insights and economic opportunities for both. We have run 11 pit stops, working with 146 SMEs with 21 solutions being taken forward by corporates.

**UNIVERSITY AND RESEARCH ENGAGEMENT**

During the year we collaborated with more than 40 universities across the UK to enrich our innovation activities with the business community and helped accelerate commercialisation of research. We are also delighted that our work with EPSRC has resulted in the launch of the researchers in residence programme at our London centre.

**INTERNATIONAL LIAISON**

We launched 'Data City Data Nation' programme with Singapore with several UK organisations, including Transport For London.

**DIGITAL CENTRES**

In addition to our centres in Brighton, Bradford and Sunderland we also launched a centre in Northern Ireland. Centres are set up in collaboration with Local Enterprise Partnerships, universities, startups and big business. These centres allow our work and impact to spread faster – often stimulating and accelerating other local data initiatives – and we are delighted with the support and engagement we've experienced.

**DIGITAL CATAPULT**  
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**GROUP STRATEGIC REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Financial and other key performance indicators**

The Company met key performance indicators set by Innovate UK in the Grant Funding agreement and specifically exceeded its target on defined engagements with start-ups and SMEs and CR&D income.

KPI	Target	Achievement
Core grant work	£9.8m	£9.8m
CR&D and other Public Income	£0.25m	£1.5m
Commercial income	£0.8m	£0.8m
Cumulative projects	36	41
Defined engagements with SMEs	1,000	1,074
Number of academic collaborations	20	28

KPIs are reviewed by Innovate UK and the Board for relevancy, appropriateness and developed further with reference to the Company's objectives.

**Principal risks and uncertainties**

The Company receives Grant funding from Innovate UK based on ongoing compliance to the terms stated by the Grant Funding agreement. In addition to the IUK grant funding the Catapult business model requires income generation from (1) Collaborative R&D funded projects (funded jointly by the public and private) and (2) Commercial Income (Business funded R&D contracts) won competitively linked to the challenge areas. The principal risk for the Company relates to developing specialisms rapidly and building up differentiated income streams in these areas and the continued funding support from Innovate UK.

Further, the implications on European funded projects given the recent Brexit referendum vote are as yet unknown. This could pose a risk to European R&D income sources, which will need to be mitigated by exploiting other sources of funding to achieve the Catapult's performance KPIs.

The Company also has a detailed risk register which management actively manage and take action to mitigate risks. Material risks are reviewed with the Board.

This report was approved by the board on 27<sup>th</sup> September 2016 and signed on its behalf.

**J Silver**  
Director



**DIGITAL CATAPULT**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report and the financial statements for the year ended 31 March 2016.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group 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 the Group and of the surplus or deficit of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activities and review of business**

This is the third year of operations for the Digital Catapult and our activities have been aligned with our vision to rapidly advance the UK's best digital ideas from concept to commercialisation to create new products, services, jobs and value for the UK economy.

The review of the business is presented in the strategic report

The Company continues to be a part of a network of eleven UK technology and innovation companies (named 'Catapults') established by the Innovate UK. These will drive economic growth through commercialisation of research between UK industry, SME's and academia.

**Sources of Income**

In the current year, the Company was funded by a government grant. In addition, the company generated income from Collaborative Research and Development projects and initiated Commercial business activities.



**DIGITAL CATAPULT**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Results**

Turnover of £12,509,399 was made up of grants totaling £11,796,007 received from Innovate UK and Collaborative R&D projects and also £713,392 of Commercial income from the trading subsidiary DCS Ltd. Operational costs of the organisation was £12,452,824 (31 March 2015: £10,375,090) resulting in an operating profit of £56,575 (31 March 2015: £24,854).

The deficit for the year, after taxation, amounted to £49,441 (2015 - deficit £635).

The directors have disclosed some required information within the Group Strategic Report.

**DIGITAL CATAPULT**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Directors**

The directors who served during the year were:

N J Appleyard (resigned 22 October 2015)  
I A Baverstock  
A J Carr (appointed 22 October 2015, resigned 9 September 2016)  
S N Crockett (resigned 1 June 2016)  
D Docherty (resigned 22 October 2015)  
D W A East (resigned 31 August 2015)  
A J Green  
D W Hall (resigned 22 October 2015)  
R H Ironside (appointed 22 October 2015)  
N D Sanders (appointed 22 October 2015)  
L Shesgreen  
J Ridley-Smith (appointed 22 October 2015)  
C Van Der Kuyl (resigned 22 October 2015)  
S Thomas (appointed 22 October 2015)

**Future developments**

Our activities for Financial Year 2017 are focussed on delivering tangible long term outcomes in the next 2-3 years which, will in turn generate substantial increases in GDP, productivity, exports and in health and social wellbeing for the UK.

A process is underway to take a broader strategic view of the digital landscape. Digital Catapult has identified a number of key technology layers, which it is believed represent significant global growth opportunities for UK companies.

- Immersive – virtual reality, augmented reality, haptics and new forms of human machine interface
- Data-driven – personal data, privacy, trust, cyber-security and blockchain
- Connected – Internet of Things, 5G, low-powered wide area networks
- Intelligent – machine learning and artificial intelligence

The Catapult has also taken a first step at establishing market segments: segments where analysis suggests that the application of these technologies offers significant economic growth opportunities. The thinking here is still at an early stage and requires more economic analysis and market testing. Current best thinking suggests that the following segments will be good first targets:

- Creative Industries
- Digital Manufacturing
- Health - wellbeing

Digital Catapult sees the ability to cross-innovate between segments as important in accelerating adoption, preventing wheels from being reinvented, and in providing a structural means of responding to rapidly emergent technologies and opportunities.

**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 and the Group'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 and the Group's auditor is aware of that information.

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Post balance sheet events**

There are no significant events which require reporting under FRS 102.

**Auditors**

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

This report was approved by the board on *27<sup>th</sup> September 2016* and signed on its behalf.

**J Silver**  
Director

A handwritten signature in black ink, appearing to read 'J Silver', with a horizontal line underneath.

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

We have audited the financial statements of Digital Catapult for the year ended 31 March 2016, set out on pages 11 to 32. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 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, 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**

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](http://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 Group's and the parent Company's affairs as at 31 March 2016 and of the Group's deficit 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 the information given in the Group 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 directors' report has been prepared in accordance with applicable legal requirements.

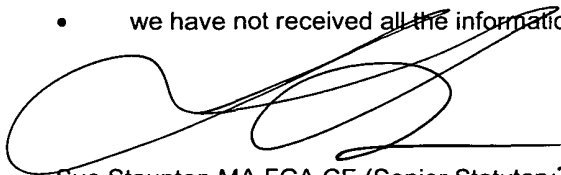
**DIGITAL CATAPULT**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL CATAPULT**

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



Sue Staunton MA FCA CF (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: *29 September 2016*

**DIGITAL CATAPULT**  
**(A Company Limited by Guarantee)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Turnover	4	12,509,399	10,399,944
<b>Gross profit</b>		<u>12,509,399</u>	<u>10,399,944</u>
Administrative expenses		(12,452,824)	(10,375,090)
<b>Operating profit</b>	5	<u>56,575</u>	24,854
Interest payable and expenses	9	(114,262)	(24,854)
<b>(Loss)/profit before taxation</b>		<u>(57,687)</u>	-
Tax on (loss)/profit	10	8,246	(635)
<b>Loss for the year</b>		<u><u>(49,441)</u></u>	<u><u>(635)</u></u>
Owners of the parent Company		(49,441)	(635)
		<u><u>(49,441)</u></u>	<u><u>(635)</u></u>
Owners of the parent Company		(49,441)	(635)
		<u><u>(49,441)</u></u>	<u><u>(635)</u></u>

There was no other comprehensive income for 2016 (2015:£NIL).

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

Note	2016 £	2015 £
<b>Fixed assets</b>		
Tangible assets 12	5,211,413	6,140,248
	<u>5,211,413</u>	<u>6,140,248</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year 14	4,574,645	6,191,733
Cash at bank and in hand 15	3,652,492	4,056,458
	<u>8,227,137</u>	<u>10,248,191</u>
Creditors: amounts falling due within one year 16	(4,999,955)	(8,223,907)
<b>Net current assets</b>	<u>3,227,182</u>	<u>2,024,284</u>
<b>Total assets less current liabilities</b>	<u>8,438,595</u>	<u>8,164,532</u>
Creditors: amounts falling due after more than one year 17	(8,489,063)	(8,165,559)
<b>Net assets</b>	<u>(50,468)</u>	<u>(1,027)</u>
<b>Capital and reserves</b>		
Profit and loss account 21	(50,468)	(1,027)
	<u>(50,468)</u>	<u>(1,027)</u>

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



**J Silver**  
Director

27 September 2016

**DIGITAL CATAPULT**  
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**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Fixed assets</b>			
Tangible assets	12	<b>5,211,413</b>	6,140,248
Investments	13	<b>1</b>	1
		<b>5,211,414</b>	6,140,249
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	<b>5,016,913</b>	5,808,941
Cash at bank and in hand	15	<b>2,809,629</b>	3,874,307
		<b>7,826,542</b>	9,683,248
Creditors: amounts falling due within one year	16	<b>(4,529,933)</b>	(7,658,965)
<b>Net current assets</b>		<b>3,296,609</b>	2,024,283
<b>Total assets less current liabilities</b>		<b>8,508,023</b>	8,164,532
Creditors: amounts falling due after more than one year	17	<b>(8,489,063)</b>	(8,165,559)
<b>Net assets</b>		<b>18,960</b>	(1,027)
<b>Capital and reserves</b>			
Profit and loss account	21	<b>18,960</b>	(1,027)
		<b>18,960</b>	(1,027)

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

**J Silver**  
Director



*27 September 2016*



**DIGITAL CATAPULT**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Retained earnings £	Total equity £
At 1 April 2015	(1,027)	(1,027)
<b>Comprehensive income for the year</b>		
Loss for the year	(49,441)	(49,441)
<b>Total comprehensive income for the year</b>	<u>(49,441)</u>	<u>(49,441)</u>
<b>At 31 March 2016</b>	<u><u>(50,468)</u></u>	<u><u>(50,468)</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015**

	Retained earnings £	Total equity £
At 1 April 2014	(392)	(392)
<b>Comprehensive income for the year</b>		
Loss for the year	(635)	(635)
<b>Total comprehensive income for the year</b>	<u>(635)</u>	<u>(635)</u>
<b>At 31 March 2015</b>	<u><u>(1,027)</u></u>	<u><u>(1,027)</u></u>

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

	Retained earnings £	Total equity £
At 1 April 2015	(1,027)	(1,027)
<b>Comprehensive income for the year</b>		
Profit for the year	19,987	19,987
	<u>19,987</u>	<u>19,987</u>
<b>Total comprehensive income for the year</b>		
	<u>19,987</u>	<u>19,987</u>
<b>At 31 March 2016</b>	<u><u>18,960</u></u>	<u><u>18,960</u></u>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015**

	Retained earnings £	Total equity £
At 1 April 2014	(392)	(392)
<b>Comprehensive income for the year</b>		
Loss for the year	(635)	(635)
	<u>(635)</u>	<u>(635)</u>
<b>Total comprehensive income for the year</b>		
	<u>(635)</u>	<u>(635)</u>
<b>At 31 March 2015</b>	<u><u>(1,027)</u></u>	<u><u>(1,027)</u></u>

The notes on pages 17 to 32 form part of these financial statements.

**DIGITAL CATAPULT**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	(49,441)	(635)
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,072,547	495,250
Interest paid	114,262	24,854
Taxation	(8,246)	635
Increase in debtors	1,623,165	(2,236,540)
Increase in creditors	(2,299,573)	6,667,743
Corporation tax	(4,402)	(2,428)
<b>Net cash generated from operating activities</b>	<u>448,312</u>	<u>4,948,879</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(143,712)	(6,011,967)
HP interest paid	(114,262)	(24,854)
<b>Net cash from investing activities</b>	<u>(257,974)</u>	<u>(6,036,821)</u>
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	(594,304)	1,683,863
<b>Net cash used in financing activities</b>	<u>(594,304)</u>	<u>1,683,863</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(403,966)</u>	<u>595,921</u>
Cash and cash equivalents at beginning of year	4,056,458	3,460,537
<b>Cash and cash equivalents at the end of year</b>	<u><u>3,652,492</u></u>	<u><u>4,056,458</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,652,492	4,056,458
	<u><u>3,652,492</u></u>	<u><u>4,056,458</u></u>

**DIGITAL CATAPULT**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. General information**

Digital Catapult is a company incorporated in England and Wales, and limited by guarantee.

The Company develops breakthroughs for the UK's data sharing movement.

The Company's registered office is 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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of Group and its own subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are, therefore, eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date upon which control is obtained. They are deconsolidated from the date control ceases.

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**2. Accounting policies (continued)**

**2.4 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Office equipment	- 3 years straight line.
Computer equipment	- 3 years straight line.
Improvements to property	- Over 10 years or the lease term, if shorter

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 within 'other operating income' in the Consolidated Statement of Comprehensive Income.

**2.5 Operating leases: Lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.7 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.

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**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**2. Accounting policies (continued)**

**2.8 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.9 Financial instruments**

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

**2.10 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.

**2.11 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 the Income Statement 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 Income Statement in the same period as the related expenditure.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**2. Accounting policies (continued)**

**2.12 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.

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 Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.13 Finance costs**

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.14 Leased assets: Lessee**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

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

**2.15 Sale and leaseback**

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

**2.16 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group 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 the Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**2. Accounting policies (continued)**

**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

**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 definitions, seldom equal the related actual results. The estimates and assumptions that have 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 FRS 102.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**4. Analysis of turnover**

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Core grant	<b>10,178,069</b>	9,840,160
Other grants	<b>1,617,938</b>	467,000
Services	<b>713,392</b>	92,784
	<b><u>12,509,399</u></b>	<b><u>10,399,944</u></b>

The whole of the income was relates to services taking place in the UK.

**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>1,072,547</b>	495,250
Exchange differences	<b>1,318</b>	495
Defined contribution pension cost	<b>387,817</b>	248,320
	<b><u>387,817</u></b>	<b><u>248,320</u></b>

**6. Auditor's remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<b>12,900</b>	15,500
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Other services relating to taxation	<b>2,325</b>	2,750
All other services	<b>4,000</b>	6,809
	<b><u>19,225</u></b>	<b><u>25,059</u></b>

**DIGITAL CATAPULT**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	4,392,535	3,295,077
Social security costs	508,075	397,475
Cost of defined contribution scheme	387,817	248,320
	<u>5,288,427</u>	<u>3,940,872</u>

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

	2016 No.	2015 No.
Management and administration	27	23
Development and Technology	22	14
Commercial, CR&D, Delivery and Communities	14	7
Non-Executives	9	6
	<u>72</u>	<u>50</u>

**8. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	453,118	322,361
Company contributions to defined contribution pension schemes	27,015	36,000
	<u>480,133</u>	<u>358,361</u>

During the year retirement benefits were accruing to 3 directors (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £239,653 (2015 - £228,361).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,655 (2015 - £36,000).

**9. Interest payable and similar charges**

	2016 £	2015 £
Finance leases and hire purchase contracts	114,262	24,854
	<u>114,262</u>	<u>24,854</u>

**DIGITAL CATAPULT**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**10. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	4,402
	<u>-</u>	<u>4,402</u>
<b>Total current tax</b>	<u>-</u>	<u>4,402</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(9,015)	(3,767)
Changes to tax rates	769	-
<b>Total deferred tax</b>	<u>(8,246)</u>	<u>(3,767)</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(8,246)</u>	<u>635</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	(57,687)	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	(11,537)	-
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,521	635
Adjust closing deferred tax to average rate of 20.00%	1,770	-
<b>Total tax charge for the year</b>	<u>(8,246)</u>	<u>635</u>

**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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**11. Parent Company Surplus for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The surplus after tax of the parent Company for the year was £19,986 (2015 - a deficit of £635).

**12. Tangible fixed assets**

**Group**

	Office equipment £	Other fixed assets £	Total £
<b>Cost or valuation</b>			
At 1 April 2015	1,697,137	4,947,117	6,644,254
Additions	124,982	18,730	143,712
At 31 March 2016	<u>1,822,119</u>	<u>4,965,847</u>	<u>6,787,966</u>
<b>Depreciation</b>			
At 1 April 2015	297,876	206,130	504,006
Charge owned for the period	318,287	417,239	735,526
Charge financed for the period	259,392	77,629	337,021
At 31 March 2016	<u>875,555</u>	<u>700,998</u>	<u>1,576,553</u>
<b>Net book value</b>			
At 31 March 2016	<u>946,564</u>	<u>4,264,849</u>	<u>5,211,413</u>
At 31 March 2015	<u>1,399,261</u>	<u>4,740,987</u>	<u>6,140,248</u>

**DIGITAL CATAPULT**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**Company**

	Office equipment £	Other fixed assets £	Total £
<b>Cost or valuation</b>			
At 1 April 2015	1,697,137	4,947,117	6,644,254
Additions	124,982	18,730	143,712
At 31 March 2016	<u>1,822,119</u>	<u>4,965,847</u>	<u>6,787,966</u>
<b>Depreciation</b>			
At 1 April 2015	297,876	206,130	504,006
Charge owned for the period	318,287	417,239	735,526
Charge financed for the period	259,392	77,629	337,021
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At 31 March 2016	<u><u>946,564</u></u>	<u><u>4,264,849</u></u>	<u><u>5,211,413</u></u>
At 31 March 2015	<u><u>1,399,261</u></u>	<u><u>4,740,987</u></u>	<u><u>6,140,248</u></u>

**Finance leases**

The net book value of leased assets is £1,131,088 (2015: £1,468,109).

**DIGITAL CATAPULT**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**13. Fixed asset investments**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Digital Catapult Services Limited	UK	Ordinary	100 %	Commercial activities designed to drive UK Innovation and SME engagement

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves</b>	<b>Profit/(loss)</b>
	<b>£</b>	<b>£</b>
Digital Catapult Services Limited	<b>(69,427)</b>	<b>(69,427)</b>

**Company**

	<b>Investments in subsidiary companies</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 April 2015	1
At 31 March 2016	1
At 31 March 2016	-
<b>Net book value</b>	
At 31 March 2016	1
At 31 March 2015	1

**DIGITAL CATAPULT**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**14. Debtors**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Trade debtors	555,663	382,941	-	150
Amounts owed by group undertakings	-	-	1,011,000	-
Other debtors	2,147,180	2,267,804	2,149,351	2,267,803
Prepayments and accrued income	1,855,868	3,533,300	1,855,868	3,533,300
Deferred taxation	15,934	7,688	694	7,688
	<b>4,574,645</b>	<b>6,191,733</b>	<b>5,016,913</b>	<b>5,808,941</b>

Other debtors include £1,908,000 that is receivable after one year. The amount relates to a lease deposit due back at the end of the lease period.

**15. Cash and cash equivalents**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Cash at bank and in hand	3,652,492	4,056,458	2,809,629	3,874,307
	<b>3,652,492</b>	<b>4,056,458</b>	<b>2,809,629</b>	<b>3,874,307</b>

**16. Creditors: Amounts falling due within one year**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Trade creditors	124,233	80,782	124,233	80,782
Amounts owed to group undertakings	-	-	-	9,316
Corporation tax	-	4,402	-	4,402
Taxation and social security	133,495	224,315	133,495	131,175
Obligations under finance lease and hire purchase contracts	594,303	594,303	594,303	594,303
Other creditors	71,397	112,197	66,126	112,197
Accruals and deferred income	4,076,527	7,207,908	3,611,776	6,726,790
	<b>4,999,955</b>	<b>8,223,907</b>	<b>4,529,933</b>	<b>7,658,965</b>



**DIGITAL CATAPULT**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**17. Creditors: Amounts falling due after more than one year**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Net obligations under finance leases and hire purchase contracts	<b>495,255</b>	1,089,560	<b>495,255</b>	1,089,560
Accruals and deferred income	<b>7,993,808</b>	7,075,999	<b>7,993,808</b>	7,075,999
	<b><u>8,489,063</u></b>	<u>8,165,559</u>	<b><u>8,489,063</u></b>	<u>8,165,559</u>

**18. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Within one year	<b>594,304</b>	594,304	<b>594,304</b>	594,304
Between 1-2 years	<b>495,255</b>	594,304	<b>495,255</b>	594,304
Between 2-5 years	-	495,255	-	495,255
	<b><u>1,089,559</u></b>	<u>1,683,863</u>	<b><u>1,089,559</u></b>	<u>1,683,863</u>

**19. Financial instruments**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Financial assets measured at fair value through profit or loss	<b>3,652,492</b>	4,056,458	<b>2,809,629</b>	3,874,307
Financial assets that are debt instruments measured at amortised cost	<b>4,041,440</b>	5,571,090	<b>4,498,948</b>	5,188,299
	<b><u>7,693,932</u></b>	<u>9,627,548</u>	<b><u>7,308,577</u></b>	<u>9,062,606</u>
Financial liabilities measured at amortised cost	<b>(1,924,514)</b>	(1,921,744)	<b>(1,919,243)</b>	(1,931,059)
	<b><u>(1,924,514)</u></b>	<u>(1,921,744)</u>	<b><u>(1,919,243)</u></b>	<u>(1,931,059)</u>

Financial assets measured at fair value through profit or loss comprises of cash and cash equivalents.

Financial assets measured at amortised cost comprises of debtors excluding prepayments and deferred tax.

Financial Liabilities measured at amortised cost comprises of trade creditors, other creditors and finance lease obligations due in less than one year.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**20. Deferred taxation**

**Group**

	Deferred tax £
At 1 April 2015	7,688
Charged to the profit or loss	8,246
<b>At 31 March 2016</b>	<b>15,934</b>

**Company**

	Deferred tax £
At 1 April 2015	7,688
Charged to the profit or loss	(6,994)
<b>At 31 March 2016</b>	<b>694</b>

The deferred tax asset is made up as follows:

	Group 2016 £	Group 2015 £
Tax losses carried forward	15,934	-
Short term timing differences	-	7,688
	<b>15,934</b>	<b>7,688</b>

**21. Reserves**

**Profit & loss account**

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

**22. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**23. Pension commitments**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £387,817 (2015: £248,320). Contributions totalling £nil (2015: £42,993) were payable to the fund at the balance sheet date and are included in creditors.

**24. Commitments under operating leases**

At 31 March 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2016 £</b>	Group 2015 £	<b>Company 2016 £</b>	Company 2015 £
Not later than 1 year	<b>976,190</b>	976,190	<b>976,190</b>	976,190
Later than 1 year and not later than 5 years	<b>3,904,758</b>	3,904,758	<b>3,904,758</b>	3,904,758
Later than 5 years	<b>3,742,060</b>	4,718,249	<b>3,742,060</b>	4,718,249
<b>Total</b>	<b>8,623,008</b>	9,599,197	<b>8,623,008</b>	9,599,197

**25. Related party transactions**

**Entities over which the Company has control**

The Company controls Digital Catapult Services Limited by way of its 100% shareholding. During the year ended 31 March 2016, the Company recharged costs of £797,012 (2015: £92,190). At 31 March 2016, Digital Catapult Services Limited owed the Company £1,011,000 (2015: was owed £9,316).