

**Knowledge Transfer Network  
Limited**

(a company limited by guarantee)

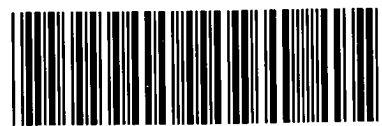
Report and Financial Statements

9 month period ended

31 March 2022

Company Number 08705643

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**Knowledge Transfer Network Limited**  
**(a company limited by guarantee)**

**Company Information**

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<b>Directors</b>	Dr. A Greated C Callow M Biddle A Shaw Dr. D M J Wilkes
<b>Company secretary</b>	C Callow
<b>Registered number</b>	08705643
<b>Registered office</b>	Suite 218 Business Design Centre 52 Upper Street Islington London N1 0QH
<b>Independent auditor</b>	BDO LLP Level 12 Thames Tower Station Road Reading Berkshire RG1 1LX

**Knowledge Transfer Network Limited**  
**(a company limited by guarantee)**

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# **Knowledge Transfer Network Limited** **(a company limited by guarantee)**

## **Strategic report** **for the period ended 31 March 2022**

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Knowledge Transfer Network Limited (IUK KTN) exists to connect innovators with new partners and new opportunities, helping to accelerate ambitious ideas into real-world solutions. Businesses make up the core of our network, but our diverse connections span government, funders, research and the third sector. This overview and connectivity enable us to take partners, clients and communities through the complex landscape of research, development and innovation.

The majority of funding for KTN comes from an Innovate UK (part of UK Research and Innovation) grant, which funds a dedicated programme of work. Other work is funded from a range of private business, UK Research and Innovation, UK Government Departments, Devolved Administrations, the EU and other network organisations.

### **Business review**

On 1 April 2022, KTN successfully transitioned from being a private company limited by guarantee with membership comprised of its Board Members. From 1 April while the company retains the classification of a private company limited by guarantee without share capital, the company now has a sole member, UKRI, a Non Departmental Public Body governed under Higher Education And Research Act 2017.

In addition to new branding for IUK KTN, we have agreed design principles for how we operate as part of Innovate UK to optimise delivery of the Innovate UK Plan for Action. The new relationship is dedicated to reducing friction in transactional processes between Innovate UK and IUK KTN, while increasing efficiency and Strategic alignment.

The publication of the UK Government's Innovation Strategy in July 2021 supports our Strategic priorities and the amount of public spending for research, development and innovation will increase until at least 2025, proving KTN with a healthy future outlook.

The board has appointed an interim CEO Dr Kirsty Hewitson, a member of the current Executive team, to support KTN in meeting its strategic objectives and to mitigate the impact of the challenges faced by KTN as a result of the unforeseen and long absence of the CEO in the period.

Since April 2022, the company has been subject to new governance arrangements, overseen by a Board made up of Innovate UK and IUK KTN officers.

### **Annual Highlights**

During the period ended 31 March 2022, IUK KTN has met or exceeded its 2021/2022 key performance indicator (KPI) targets. It has maintained a very good Net Promoter Score (+35 for 9 months to 31 March 2022). It has broadly delivered against its strategic commitments matched to the 5 priority areas listed in our 2025 strategy.

As evidenced by an independent business survey by SQW, IUK KTN is improving its impact with businesses and the research base, regarding the quality of introductions, leading to increased collaborations.

Throughout this year, we have focused significant attention on the wellbeing and support of our people and teams, encouraging new ways of working and interacting to ensure they are well-placed to continue driving change through innovation.

KTN's pipeline of income has remained strong, and we envisage a greater demand for KTN's services in the future.

# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Strategic report (continued)  
for the period ended 31 March 2022

### Principal risks and future development of the company

As of 1st April 2022 the risk profile of the organisation has changed. Directors have reviewed the existing risks and mitigation strategies and consider them moderate

KTN, Finance the Audit Committee and the Board of Directors review and update the company's risk register quarterly.

At time of writing, the principal risks (those scoring an "amber" or higher in our risk register), are as follows:

Risk	Mitigation
People and Talent: Shortfall in capacity impacting delivery of existing activities. Constraint on recruitment for fixed term contracts.	Engaging additional employees on fixed term contracts; effective planning in partnership with Innovate UK; Focus group working on mechanism to inject capacity through partnerships; Additional HR resources to speed up recruitment; Exploring 'secondment in' opportunities; Potential to re-prioritise some projects; and Use of Strategic Assignments for Innovate UK and IUK KTN.
Business Resilience/Business Engagement: Delay to delivery due to the public procurement rules.	Active engagement with UKRI commercial procurement team to ensure continuity of business critical services.
Business Resilience: Government economic uncertainty and risk of economic conditions impacting on KTN allocation.	Maintain high visibility of people, activity and impact as part of Innovate UK; Continue to maintain KTN visibility as a key to UK productivity and economic growth; and Increased certainty of funding commitments after Business Planning process.
People and Talent: Adverse impact on KTN staff arising from economic conditions.	Extensive engagement with staff; Agreed new Pay Framework with alignment to Public Sector Rules; Strong leadership guidance and support via senior managers; Regular open communication with staff; Non-consolidated award to help with Cost of Living increase in Nov-22 and consolidated increase in Jan 2023; Benchmarking of markets rates against KTN pay-bands in 2023-24; and More alignment on benefits with UKRI.

# **Knowledge Transfer Network Limited** **(a company limited by guarantee)**

**Strategic report (continued)**  
**for the period ended 31 March 2022**

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## **Financial key performance indicators**

Our business planning and financial management require us to balance resource against grant and non-grant income to deliver high quality results against objectives. This balance is continually changing as we attract new clients who complement the work of our grant-funded activity with Innovate UK.

Grant funded activities have been managed within the set budget and business growth is on track.

KTN continues to grow its portfolio of projects including activities which are won by tender or competition. Such projects are costed at commercial rates and are intended to deliver a margin over costs contributing to KTN reserve funds. In line with the plan, the business has generated a moderate surplus in the period. These funds provide some protection in the event of any future potential losses and will be used for deployment against our business objectives in future years. KTN's Board has approved a business strategy of targeting "fewer, bigger, better" commercial contracts.

## **Exposure to financial risks**

KTN uses Dun&Bradstreet, an independent agency, to verify and establish the level of financial risk, with overall assessment continuing to be very stable. There are no mortgages or debentures associated with KTN and no insolvency events.

### **Cashflow Risk**

KTN ensures robust cash flow management. In period to 31 March 2022 KTN had an advance finance facility of £4 million provided by Innovate UK to allow for sufficient level of cash flow. The level of pre-finance is reduced to £2.5 million and whilst current estimates for cashflow outline manageable monthly balances, the effective cash management depends on the expected timescale for payments.

### **Price Risk**

The company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services purchased in the UK. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

This report was approved by the board on 23 December 2022

and signed on its behalf.



**C Callow**  
**Director**

# **Knowledge Transfer Network Limited**

## **(a company limited by guarantee)**

### **Directors' report for the period ended 31 March 2022**

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The directors present their report together with the audited financial statements for the 9 month period ended 31 March 2022. The comparatives are for the year ended 30 June 2021.

#### **Principal activity**

The principal activity of the company during the period was the promotion of innovation within the UK.

#### **Results**

The profit for the period, after taxation, amounted to £461,545 (year ended 30 June 2021 - £400,444).

The entity's reporting period has changed in order to produce financial statements up to the date of a change in ownership and to align with Innovate UK. The financial statements have therefore been prepared for a period of 9 months. This means that the comparative amounts presented in the financial statements and the related notes are not entirely comparable.

#### **Business review**

A review of the business and its principal risks and uncertainties is set out in the Strategic report on pages 1 to 3 of these financial statements.

#### **Directors**

The directors who served during the period and to the date of this report were:

Dr. A Greated  
M Biddle (appointed 26 April 2022)  
C Callow (appointed 12 April 2022)  
A Shaw (appointed 26 April 2022)  
Dr. D M J Wilkes (appointed 26 April 2022)  
Dr. D K Lawrence (resigned 31 October 2021)  
R Croudace (resigned 31 March 2022)  
Dr. R C B Judge (resigned 31 March 2022)  
N A J Lieven (resigned 31 March 2022)  
Dr. R L Mallors-Ray (resigned 31 March 2022)  
Dr. I T Roche (resigned 31 March 2022)  
J M Brown (resigned 15 April 2022)

#### **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.

# **Knowledge Transfer Network Limited**

## **(a company limited by guarantee)**

**Directors' report (continued)**  
**for the period ended 31 March 2022**

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### **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 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 profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

### **Going concern**

The Financial statements have been updated on the going concern basis. In making their going concern assessment in relation to these financial statements, the Directors are satisfied that as IUK KTN's relationship with Innovate UK has changed as of the 1st of April (UKRI is a sole member of Innovate UK KTN from 01 April 2022), the funding of the main Work Programme Grant is no longer administered through Grant Offer Letter. Instead, KTN have received Letter of Funding Assurance, Delegation Letter and Purchase Order, with the latter being used as a mechanism to transfer the funds between the two entities.

In September 2022, Innovate UK have provided KTN with the letter of funding assurance, indicating the level of funding planned for the Work Programme for the period of April 2023 to March 2025. Given that IUK remains the main funder of KTN, this mitigates any material uncertainty and provides sufficient assurance on going concern over the period of 16 months.

This report was approved by the board on 23 December 2022

and signed on its behalf.



**C Callow**  
**Director**



# **Knowledge Transfer Network Limited**

## **(a company limited by guarantee)**

### **Independent auditor's report to the members of Knowledge Transfer Network Limited**

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#### **Opinion on the 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 2022 and of its profit for the period 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.

We have audited the financial statements of Knowledge Transfer Network Limited ("the company") for the 9 month period ended 31 March 2022 which comprise the Statement of income and retained income, the Balance sheet and the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

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

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

# **Knowledge Transfer Network Limited**

## **(a company limited by guarantee)**

### **Independent auditor's report to the members of Knowledge Transfer Network Limited (continued)**

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#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

#### **Responsibilities of Directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# **Knowledge Transfer Network Limited**

## **(a company limited by guarantee)**

### **Independent auditor's report to the members of Knowledge Transfer Network Limited (continued)**

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

#### *Identifying and assessing potential risks related to irregularities, including fraud*

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statement or that had a fundamental effect on the operations of the company. The key laws and regulations considered in this context included the UK Companies Act, the accounting framework and relevant tax legislation.
- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; and
  - discussion among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to the application of appropriate accounting policies, as well as management override of controls specifically in relation to the use of journals.

#### **Audit response to risks identified:**

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring management concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and posted by unexpected users.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

## **Knowledge Transfer Network Limited (a company limited by guarantee)**

### **Independent auditor's report to the members of Knowledge Transfer Network Limited (continued)**

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#### **Auditor's Responsibilities for the audit of financial statements (continued)**

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

DocuSigned by:

*Gavin Crawford*

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**Gavin Crawford** (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Reading

United Kingdom

Date: 23 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Knowledge Transfer Network Limited**  
**(a company limited by guarantee)**

**Statement of income and retained earnings**  
**for the period ended 31 March 2022**

	Note	9 month period ended 31 March 2022 £	Year ended 30 June 2021 £
Turnover		1,488,766	1,706,968
Grant income		15,305,052	16,343,271
Administrative expenses		(16,230,438)	(17,552,989)
<b>Operating profit</b>	4	<b>563,380</b>	497,250
Interest receivable and similar income	7	2,163	-
<b>Profit before tax</b>		<b>565,543</b>	497,250
Tax on profit	8	(103,998)	(96,806)
<b>Profit after tax</b>		<b>461,545</b>	400,444
Retained earnings at the beginning of the period/year		2,047,122	1,646,678
Profit for the period/year		461,545	400,444
<b>Retained earnings at the end of the period/year</b>		<b>2,508,667</b>	2,047,122

The notes on pages 13 to 23 form part of these financial statements.

**Knowledge Transfer Network Limited**  
**(a company limited by guarantee)**  
Registered number: 08705643

**Balance sheet**  
**As at 31 March 2022**

			31 March 2022 £	30 June 2021 £
	Note			
<b>Fixed assets</b>				
Tangible fixed assets	9		135,074	-
<b>Current assets</b>				
Debtors: amounts falling due within one year	10	7,151,909	3,119,079	
Cash at bank and in hand	11	3,498,011	7,458,579	
		<u>10,649,920</u>	<u>10,577,658</u>	
<b>Current liabilities</b>				
Creditors: amounts falling due within one year	12	(2,746,769)	(3,300,846)	
<b>Net current assets</b>			<u>7,903,151</u>	<u>7,276,812</u>
<b>Total assets less current liabilities</b>			<u>8,038,225</u>	<u>7,276,812</u>
<b>Non-current liabilities</b>				
Creditors: amounts falling due after more than one year	13	(5,529,558)	(5,229,690)	
<b>Provisions for liabilities</b>				
<b>Net assets</b>			<u><u>2,508,667</u></u>	<u><u>2,047,122</u></u>
<b>Capital and reserves</b>				
Retained earnings	14	2,508,667	2,047,122	
<b>Total equity</b>			<u><u>2,508,667</u></u>	<u><u>2,047,122</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 December 2022.



C Callow  
Director

The notes on pages 13 to 23 form part of these financial statements.

**Knowledge Transfer Network Limited**  
**(a company limited by guarantee)**

**Statement of cash flows**  
**for the period ended 31 March 2022**

	<b>31 March 2022 £</b>	<b>30 June 2021 £</b>
<b>Cash flows from operating activities</b>		
Profit for the financial period/year	461,545	400,444
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	12,280	21,889
Foreign exchange	128,321	74,579
Taxation charge	103,998	96,806
Interest received	(2,163)	-
(Increase)/decrease in debtors	(4,032,830)	1,367,638
(Decrease)/increase in creditors	(396,589)	1,540,193
Corporation tax paid	(96,806)	(104,583)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,822,244)</b>	<b>3,396,966</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(147,354)	-
Interest received	2,163	-
<b>Net cash generated from investing activities</b>	<b>(145,191)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,967,435)</b>	<b>3,396,966</b>
Cash and cash equivalents at beginning of period/year	7,458,579	4,146,914
Foreign exchange gains and losses	6,867	(85,301)
<b>Cash and cash equivalents at the end of period/year</b>	<b>3,498,011</b>	<b>7,458,579</b>
<b>Cash and cash equivalents at the end of period/year comprise:</b>		
Cash at bank and in hand	3,498,011	7,458,579

The notes on pages 13 to 23 form part of these financial statements.

# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

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### 1. General information

Knowledge Transfer Network Limited is a private company limited by guarantee and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Directors' report/Strategic report.

### 2. Accounting policies

#### *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 judgement in applying the company's accounting policies (see note 3).

The entity's reporting period has changed in order to produce financial statements up to the date of a change in ownership and to align with Innovate UK. The financial statements have therefore been prepared for a period of 9 months. This means that the comparative amounts presented in the financial statements and the related notes are not entirely comparable.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### *Going concern*

The Financial statements have been updated on the going concern basis. In making their going concern assessment in relation to these financial statements, the Directors are satisfied that as IUK KTN's relationship with Innovate UK has changed as of the 1st of April (UKRI is a sole member of Innovate UK KTN from 01 April 2022), the funding of the main Work Programme Grant is no longer administered through Grant Offer Letter. Instead, KTN have received Letter of Funding Assurance, Delegation Letter and Purchase Order, with the latter being used as a mechanism to transfer the funds between the two entities.

In September 2022, Innovate UK have provided KTN with the letter of funding assurance, indicating the level of funding planned for the Work Programme for the period of April 2023 to March 2025. Given that IUK remains the main funder of KTN, this mitigates any material uncertainty and provides sufficient assurance on going concern over the period of 16 months.



# **Knowledge Transfer Network Limited**

## **(a company limited by guarantee)**

**Notes forming part of the financial statements  
for the period ended 31 March 2022**

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### **2. Accounting policies (continued)**

#### *Turnover*

Turnover relates to commercial and other income from activities and events which are not funded by grant income. It is recognised as revenue as and when the relevant activity or event takes place. Amounts that have been invoiced but the relevant activity or event has not taken place are included in deferred income.

#### *Grant income*

Income from grants is included to the extent of the expenditure incurred during the period and comprises grants recognised by the company, inclusive of irrecoverable value added tax. Grants not recognised in the period are included in creditors as deferred income. Where income from grants is expected to be received by the company on expenditure incurred in the period such income is included in debtors as accrued income.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements - 3 years straight line

#### *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.

#### *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 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.

# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

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### 2. Accounting policies (continued)

#### *Financial instruments*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand and other debtors and its trade and other creditors are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

#### *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.

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the statement of income and retained earnings.

#### *Operating leases: the company as a lessee*

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term:

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### *Interest income*

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

#### *Pensions*

##### *Defined contribution pension plan*

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

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# **Knowledge Transfer Network Limited**

## **(a company limited by guarantee)**

**Notes forming part of the financial statements  
for the period ended 31 March 2022**

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### **2. Accounting policies (continued)**

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings 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.

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

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 addressed below:

In preparing these financial statements, the Directors have made the following judgements:

- Tangible fixed assets (see note 9)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment of debtors (see note 10)

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

### 4. Operating profit

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

	9 month period ended 31 March 2022 £	Year ended 30 June 2021 £
Auditor's remuneration		
- in relation to the audit of the financial statements	48,500	25,000
Operating lease expense	294,851	387,161
Cost of defined contribution scheme	698,841	861,686
Exchange differences	(128,321)	74,579
	<u>                    </u>	<u>                    </u>

### 5. Employees

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

	9 month period ended 31 March 2022 £	Year ended 30 June 2021 £
Wages and salaries	8,448,005	10,718,424
Social security costs	881,302	1,101,186
Cost of defined contribution scheme	698,841	861,686
Redundancy costs	25,490	2,000
	<u>10,053,638</u>	<u>12,683,296</u>

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

	9 month period ended 31 March 2022 No.	Year ended 30 June 2021 No.
Directors	7	7
Employees	215	209
	<u>222</u>	<u>216</u>

# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

### 6. Directors' remuneration

	9 month period ended 31 March 2022 £	Year ended 30 June 2021 £
Directors' emoluments	172,950	182,448

During the period retirement benefits amounted to £18,081 (year ended 30 June 2021 - £37,293) in respect of defined contribution pension schemes.

During the period retirement benefits were accruing to 1 (year ended 30 June 2021 - 1) director in respect of defined contribution pension schemes.

### 7. Interest receivable and similar income

	9 month period ended 31 March 2022 £	Year ended 30 June 2021 £
Other interest receivable	2,163	-

# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

### 8. Taxation

	9 month period ended 31 March 2022 £	Year ended 30 June 2021 £
<b>Corporation tax</b>		
Current tax on profits for the period/year	102,268	98,511
Adjustments in respect of previous periods	1,730	-
<b>Total current tax</b>	<u>103,998</u>	<u>98,511</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(2,244)
Effect of tax rate change on opening balance	-	539
<b>Total deferred tax</b>	<u>-</u>	<u>(1,705)</u>
<b>Taxation on profit on ordinary activities</b>	<u>103,998</u>	<u>96,806</u>
<b>Factors affecting tax charge for the period/year</b>		

The tax assessed for the period is lower than (year ended 30 June 2021 - higher than) the standard rate of corporation tax in the UK of 19% (year ended 30 June 2021 - 19%). The differences are explained below:

	9 month period ended 31 March 2022 £	Year ended 30 June 2021 £
Profit on ordinary activities before tax	<u>565,543</u>	<u>497,250</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (year ended 30 June 2021 - 19%)	107,453	94,478
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(5,788)	1,789
Fixed asset timing differences	2,333	-
Adjustment to deferred tax rate	-	539
<b>Total tax charge for the period/year</b>	<u>103,998</u>	<u>96,806</u>

# Knowledge Transfer Network Limited (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

## 8. Taxation (continued)

### Factors that may affect future tax charges

The 2021/2022 budget included an increase in the Corporation tax rate to 25% from 1 April 2023 for profits over £250,000, profits under £50,000 will remain at 19% and where profits fall between the two thresholds a company will be able to claim an amount of marginal relief providing a gradual increase in the corporate tax rate. These rates were substantially enacted at the reading of the Finance Bill 2021 on 24 May 2021 and this will impact the company's future tax charge accordingly.

The deferred tax liability at 31 March 2022 has been calculated based on the rates substantively enacted at the date of the balance sheet.

## 9. Tangible fixed assets

	Short-term leasehold property £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 July 2021	243,711	4,209	247,920
Additions	147,354	-	147,354
At 31 March 2022	391,065	4,209	395,274
<b>Depreciation</b>			
At 1 July 2021	243,711	4,209	247,920
Charge for the period	12,280	-	12,280
At 31 March 2022	255,991	4,209	260,200
<b>Net book value</b>			
At 31 March 2022	135,074	-	135,074
At 30 June 2021	-	-	-

# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

### 10. Debtors: amounts falling due within one year

	31 March 2022 £	30 June 2021 £
Trade debtors	822,372	601,962
Prepayments and accrued income	6,311,084	2,513,027
Other debtors	18,453	4,090
	<u>7,151,909</u>	<u>3,119,079</u>

The bad debt provision released to the statement of income and retained earnings for the period in respect of bad and doubtful trade debtors was £Nil (2021 - £865).

### 11. Cash and cash equivalents

	31 March 2022 £	30 June 2021 £
Cash at bank and in hand	<u>3,498,011</u>	<u>7,458,579</u>

### 12. Creditors: amounts falling due within one year

	31 March 2022 £	30 June 2021 £
Trade creditors	5,361	11,565
Other taxation and social security	148,643	48,623
Accruals and deferred income	2,487,940	3,054,643
Other creditors	-	88,385
Corporation tax liability	104,825	97,630
	<u>2,746,769</u>	<u>3,300,846</u>

### 13. Creditors: amounts falling due after more than one year

	31 March 2022 £	30 June 2021 £
Deferred income	<u>5,529,558</u>	<u>5,229,690</u>



# Knowledge Transfer Network Limited

## (a company limited by guarantee)

Notes forming part of the financial statements  
for the period ended 31 March 2022

### 14. Reserves

The company's reserves are as follows:

#### Share capital

Share capital reserve represents the nominal value of the shares issued.

#### Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

### 15. 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.

### 16. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £698,841 (2021 - £861,686). Contributions totalling £Nil (2021 - £Nil) were payable to the fund at the reporting date and are included in creditors.

### 17. Operating lease commitments

At 31 March 2022 the company had future minimum lease payments under non-cancellable operating leases as follows:

	31 March 2022 £	30 June 2021 £
Operating lease commitments which are owed:		
Within one year	342,794	268,192
Between one and five years	494,775	47,937
	<u>837,569</u>	<u>316,129</u>

### 18. Related party transactions

During the period to 31 March 2022 there were no related party transactions and there were no balances with related parties 31 March 2022.

# **Knowledge Transfer Network Limited** **(a company limited by guarantee)**

**Notes forming part of the financial statements  
for the period ended 31 March 2022**

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## **19. Post balance sheet events**

In March 2022, KTN's Board approved the establishment of a subsidiary company, subject to a review of its use after the transition by current Board Directors. KTN Commercial Ltd was set up on 31st March 2022.

On 1 April 2022, KTN successfully transitioned from being a private company limited by guarantee with membership comprised of its Board Members. From 1 April while the company retains the classification of a private company limited by guarantee without share capital, the company now has a sole member, UKRI, a Non Departmental Public Body governed under Higher Education And Research Act 2017.