

Knowledge Transfer Network Limited
(a company limited by guarantee)

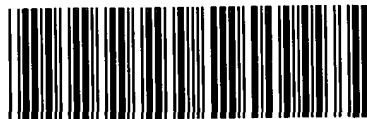
Report and Financial Statements

Year Ended

30 June 2020

Company Number 08705643

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Knowledge Transfer Network Limited

(a company limited by guarantee)

Report and financial statements for the year ended 30 June 2020

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Directors

J M Brown
R Croudace
A Greated
R C B Judge
D K Lawrence
N A J Lieven
R L Mallors-Ray
I T Roche

Company secretary and registered office

C Callow, Suite 218, Business Design Centre, 52 Upper Street, Islington, London, N1 0QH

Company number

08705643

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

Knowledge Transfer Network Limited

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Strategic report for the year ended 30 June 2020

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

Year ending June 2020 was one of significant disruption. Our UK and Global societies and economies were heavily impacted by the Covid-19 pandemic, which saw much of the world move into significant periods of lockdown.

The pandemic has heightened awareness of the need for effective innovation to address some of the world's changing and urgent societal and economic challenges. It has also brought even greater attention to Net Zero, Equality and Diversity and Global Innovation at regional, national and global levels.

Throughout 2019/20 KTN adapted quickly to not just maintain operations, but to build and extend our reach into areas where it was most needed. This included supporting the work around delivering the Sustainable Innovation Fund and creating curated groups who could, for example, consider how industrial mathematics could support food charities or how workboat capacity might be safely run during the pandemic.

Subsequent to year end, in August 2020, KTN launched our five-year strategy, which describes our purpose as creating diverse connections for positive change and sets out a series of commitments through which we will deliver that purpose.

As part of this work, we have committed to forging even more impactful relationships between business and research through the Knowledge Transfer Partnership (KTP) programme of work. In 2020, we collaborated with Innovate UK to launch Management KTPs. Effective business management has never been more important than it is now as we navigate the changes brought about by the impact of Covid-19 and Brexit. 41 Management KTPs were introduced this year, complementing the other 740 KTPs across the UK.

KTN's Innovation Networks bring together diverse ideas and expertise as a purposeful community to address key societal, economic, business or sustainable challenges. Our current portfolio of Innovation Networks reflects the priorities of the organisation in focusing on net zero, equality diversity and inclusion, local and global innovation and innovation adoption and diffusion. The networks include, for example, Hydrogen Economy; Decarbonising Ports & Harbours, Made Smarter and Geospatial Insights.

The number of employees (FTE) at the start of the year was 188 and this had increased to 193 by the year end. 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.

Principal risks and uncertainties

The funding from Innovate UK contributes to 90% of KTN income. Loss of this funding would threaten the viability of the business. Currently there is a four-year Memorandum of Understanding in place from Innovate UK for the period April 2020 to March 2024 with funding profiles included.

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Strategic report for the year ended 30 June 2020

Principal risks and uncertainties (continued)

The Department for Business, Energy and Industrial Strategy (BEIS) has published a Roadmap which outlines plans to shape the £22 billion investment in research and development by 2024 and a targeted 2.4% of GDP by 2027, and 3% in the longer-term.

However, alongside this and in light of the impact of Covid-19, UK government has also taken the decision to reduce funds available for Official Development Assistance (ODA). The impact of this decision on UKRI meant a £125m budget and a £120m gap between allocations and commitments. This has and will have variable levels of impact on KTN work, but in the short term led to us reshaping a significant part of our KTN Global Alliance activity. This work was done pro-actively and managed effectively. KTN will use this model as an opportunity to support programmes of work led by other partners and clients which will need to adapt from original plans to deliver impact.

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

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 year. 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.

This report was approved by the board on 25 June 2021 and signed on its behalf.



Alicia Greated
Director

Knowledge Transfer Network Limited

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Directors' report for the year ended 30 June 2020

The directors present their report together with the audited financial statements for the year ended 30 June 2020.

Principal activity

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

Results

The profit for the year, after taxation, amounted to £433,653 (2019 - £698,400).

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 1 to 2 of these financial statements.

Directors

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

J M Brown
R Croudace
A Greated
R C B Judge
D K Lawrence
N A J Lieven
R L Mallors-Ray
I T Roche
P M Finan (Resigned 5 December 2019)
D W Prest (Resigned 5 December 2019)

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.

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Directors' report for the year ended 30 June 2020 (*continued*)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 June 2021 and signed on its behalf.



A Greated
Director

Knowledge Transfer Network Limited

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Independent auditor's report

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

Opinion

We have audited the financial statements of Knowledge Transfer Network Limited (the 'company') for the year ended 30 June 2020 which comprise Statement of income and retained earnings, Balance sheet, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does 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.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the strategic report and the directors report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 included within the Directors' report and set out on page 4, 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.

Auditor's responsibilities for the audit of the financial statements

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.

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.

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Independent auditor's report (*continued*)

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

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

DocuSigned by:

Gavin Crawford

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Gavin Crawford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Level 12
Thames Tower
Station Road
Reading
02 July 2021

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

Knowledge Transfer Network Limited

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Statement of income and retained earnings for the year ended 30 June 2020

	Note	2020 £	2019 £
Turnover		2,446,864	4,238,233
Grant income		17,255,531	16,240,423
Administrative expenses		(19,163,047)	(19,611,922)
Operating profit	4	539,348	866,734
Interest payable and similar charges	7	-	(36)
Profit before tax		539,348	866,698
Tax on profit	8	(105,695)	(168,298)
Profit after tax		433,653	698,400
Retained earnings at the beginning of the year		1,213,025	514,625
Profit for the year		433,653	698,400
Retained earnings at the end of the year		1,646,678	1,213,025

The notes on pages 11 to 21 form part of these financial statements.


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Balance sheet at 30 June 2020

Company number 08705643	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	9		21,889		5,737
Current assets					
Debtors: amounts falling due within one year	10	4,444,004		4,055,292	
Cash at bank and in hand	11	4,146,914		3,842,268	
		<u>8,590,918</u>		<u>7,897,560</u>	
Creditors: amounts falling due within one year	12	<u>(2,236,004)</u>		<u>(3,306,637)</u>	
Net current assets			<u>6,354,914</u>		<u>4,590,923</u>
Total assets less current liabilities			<u>6,376,803</u>		<u>4,596,660</u>
Creditors: amounts falling due after more than one year	13		(4,728,420)		(3,383,284)
Provisions for liabilities					
Deferred tax	15		(1,705)		(351)
Net assets			<u>1,646,678</u>		<u>1,213,025</u>
Capital and reserves					
Retained earnings	16		1,646,678		1,213,025
Total equity			<u>1,646,678</u>		<u>1,213,025</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25th June 2021.



A Greated
Director

The notes on page 11 to 21 form part of these financial statements.

Knowledge Transfer Network Limited

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Statement of cash flows for the year ended 30 June 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	433,653	698,400
Adjustments for:		
Depreciation of tangible assets	21,232	27,029
Interest paid	-	36
Taxation charge	105,695	168,298
Increase in debtors	(388,713)	(407,380)
Increase/(Decrease) in creditors	340,422	(345,909)
Corporation tax paid	(170,259)	(23,302)
Net cash generated from operating activities	342,030	117,172
Cash flows used in investing activities		
Purchase of tangible fixed assets	(37,384)	(6,832)
Net cash from investing activities	(37,384)	(6,832)
Cash flows from financing activities		
Interest paid	-	(36)
Net cash used in financing activities	-	(36)
Net increase in cash and cash equivalents	304,646	110,304
Cash and cash equivalents at beginning of year	3,842,268	3,731,964
Cash and cash equivalents at the end of year	4,146,914	3,842,268
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,146,914	3,842,268

The notes on page 11 to 21 form part of these financial statements.

Knowledge Transfer Network Limited

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Notes forming part of the financial statements for the year ended 30 June 2020

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 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 prepared on the going concern basis. This basis is required to be adopted in all general purpose financial statements except where management intends to liquidate the entity or to cease trading, or has no realistic alternative to liquidation or cessation of operations. The directors are required to assess the validity of the going concern basis for a period of at least twelve months from the date of approval of the financial statements, and to disclose any relevant material uncertainties in the financial statements.

In making their going concern assessment in relation to these financial statements, the directors have noted that the validity of the assumption in relation to the company depends on the continued availability of grant income. The company's grant income is currently provided by Innovate UK, part of UK Research and Innovation (UKRI). The Memorandum of Understanding (MoU) for 2020/24 has been signed. This is a four-year agreement, Letter of Assurance was provided by Innovate UK outlining level of funding for 3 years from April 2021. KTN has received a Grant Offer Letter confirming funding for Work Programme provided by Innovate UK for the period from April 2021 to March 2022 dated 25 February 2021.

Since the start of COVID-19 pandemic, KTN has had to move all events online. KTN continues to deliver 'digital only' events for all clients until restrictions will be removed nationally.

As a result the directors have concluded that it is appropriate for the financial statements to continue to be prepared on the going concern basis with the grant offer letter received from Innovate UK to support KTN in operating at its full capacity.

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Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

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

Finance costs

Finance costs are charged to the statement of income and retained earnings 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.

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.

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:

Leasehold improvements	-	over the life of the asset
Computer and office equipment	-	1-2 years

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 income and retained earnings.

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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Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

2 Accounting policies (*continued*)

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.

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 lessor

Rentals 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

Holiday accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

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Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

2 Accounting policies (*continued*)

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.

Current and deferred taxation

The tax expense for the year 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.

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Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

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

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

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 9)

Tangible fixed assets, other than computer and office equipment, 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 a number of factors. In reassessing 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.

4 Operating profit

	2020 £	2019 £
The operating profit is stated after charging:		
Auditors' remuneration		
- in relation to the audit of the financial statements	25,200	15,250
- in relation to other services	3,000	2,750
Operating lease expense	372,576	365,918
Pension costs	834,797	785,503
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Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

5 Staff costs

	2020 £	2019 £
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	10,117,441	9,616,094
Social security costs	1,084,459	975,965
Cost of defined contribution scheme	834,797	785,503
Redundancy costs	27,009	-

12,063,706	11,377,562
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The average monthly number of employees, including the directors, during the year was as follows:

	Number	Number
Directors	8	7
Employees	195	181
	202	188

6 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	197,039	181,703

The highest paid director received remuneration of £185,704 (2019 - £171,355).

During the year retirement benefits amounted to £19,740 (2019 - £19,267) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 (2019 - 1) director in respect of defined contribution pension schemes.

7 Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	-	36

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**Notes forming part of the financial statements
for the year ended 30 June 2020 (continued)**

8 Taxation

	2020 £	2019 £
<i>Corporation tax</i>		
Current tax on profits for the year	104,582	170,259
Adjustments in respect of previous periods	(241)	(582)
	<hr/>	<hr/>
Total current tax	104,341	169,677
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	1,318	(1,655)
Adjustment in respect of prior periods	(5)	276
Effect of tax rate change on opening balance	41	0
	<hr/>	<hr/>
Total deferred tax	1,354	(1,379)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	105,695	168,298
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Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	539,348	866,698
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	102,476	164,673
Effects of:		
Expenses not deductible for tax purposes	3,424	3,737
Adjustments to tax charge in respect of previous periods	(241)	(582)
Adjustments in respect of previous periods - deferred tax	(5)	276
Adjustment to deferred tax rate	41	194
	<hr/>	<hr/>
Total tax charge for the year	105,695	168,298
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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 30 June 2020 has been calculated based on the rates substantively enacted at the date of the balance sheet.

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Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

9 Tangible fixed assets		Leasehold improvements £	Computer and office equipment £	Total £
Cost or valuation				
At 1 July 2019		206,469	4,067	210,536
Additions		37,242	142	37,384
At 30 June 2020		243,711	4,209	247,920
Depreciation				
At 1 July 2019		202,257	2,542	204,799
Charge for the year		19,707	1,525	21,232
At 30 June 2020		221,964	4,067	226,031
Net book value				
At 30 June 2020		21,747	142	21,889
At 30 June 2019		4,212	1,525	5,737
10 Debtors: amounts falling due within one year			2020 £	2019 £
Trade debtors			2,382,317	990,879
Prepayments and accrued income			2,058,038	3,061,979
Other debtors			3,649	2,434
			4,444,004	4,055,292

The bad debt provision released to profit or loss for the year in respect of bad and doubtful trade debtors was £30,080 (2019 - impairment loss of £87,791).

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Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

11 Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	4,146,914	3,842,268

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	11,685	75,043
Other taxation and social security	78,161	347,977
Accruals and deferred income	1,961,370	2,560,746
Other creditors	81,086	153,251
Corporation tax liability	103,702	169,620
	2,236,004	3,306,637

13 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Deferred income	4,728,420	3,383,284

14 Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	8,033,190	7,355,886
Financial liabilities		
Financial liabilities measured at amortised cost	749,167	629,157

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

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Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

15 Deferred taxation

	2020 £	2019 £
At beginning of year	351	1,730
Charge to profit or loss	1,354	(1,379)
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At end of year	1,705	351
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The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	1,705	351
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16 Reserves

The company's reserves are as follows:

Retained earnings

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

17 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.

18 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 £834,797 (2019 - £785,503). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the reporting date and are included in creditors.

Knowledge Transfer Network Limited

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Notes forming part of the financial statements for the year ended 30 June 2020 (*continued*)

19 Operating lease commitments

At 30 June 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Operating lease commitments which are owed:		
Within one year	281,782	260,011
Between one and five years	3,295	48,598
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	285,077	308,609
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20 Related party transactions

During the year to 30 June 2020 there were no related party transactions and there were no balances with related parties 30 June 2020.

During the year to 30 June 2019 the company entered into transactions with Innovate UK, a company in which T. Sawyers is a director. T. Sawyer was a director of the Knowledge Transfer Network Limited until his resignation on 27 November 2018. During the period of common directorship, the company entered into grant income transactions of £5,612,254.