

Registration number: 08705643

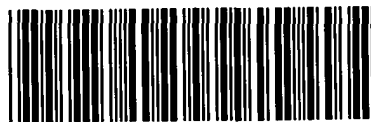
Knowledge Transfer Network Limited

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2023

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Knowledge Transfer Network Limited

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Knowledge Transfer Network Limited

Company Information

Directors	C Callow
	D M J Wilkes
	A Shaw
	L O Hazelden
	J D Kingsbury
Company secretary	C Callow
Registered office	Suite 218, Business Design Centre 52 Upper Street Islington London N1 0QH
Auditors	UHY Ross Brooke Chartered Accountants and Registered Auditors 2 Old Bath Road Newbury Berkshire RG14 1QL

Knowledge Transfer Network Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Fair review of the business

Since April 1st, 2022, KTN Ltd has been part of Innovate UK, itself part of UK Research and Innovation (UKRI). Since this date, it has been using the name Innovate UK KTN externally.

Innovate UK KTN exists to connect innovators with new partners and new opportunities, helping to accelerate ambitious ideas into real-world solutions. Our core network is comprised mostly of small medium enterprises (businesses) with diverse connections also spanning government, research and the third sector. Understanding this connectivity, across both the UK and globally, allows us to navigate partners, clients and communities through the complex landscape of research, development and innovation to catalyse diverse connections for positive change. Our vision is to create networks of innovators so powerful their ideas will change the world.

Business Review

On April 1, 2022, KTN Ltd started the transition to become Innovate UK KTN and has been designated to the Department for Science, Innovation and Technology (DSIT) in the 2023 Designation Order with its corporate member being UK Research and Innovation (UKRI).

This transition has enabled closer working between us and Innovate UK, leading to improved efficiencies and impact that will be of substantial benefit to the tax paying public. This has been achieved through greater strategic coherence between the two organisations, including the recent production of the Innovate UK KTN Work Programme 2023-25 (a consequence of joint business planning across Innovate UK to prioritise activities).

We have adopted the Innovate UK Plan for Action as our guiding strategy document and align our portfolio to allow better delivery of both our Work Programme and Plan for Action.

Transitioning to the public sector has brought operational changes, as we comply with the central government control framework, including Cabinet Office Controls, principles of Managing Public Money and Civil Service Pay Remit guidance. This has necessitated change across the organisation to ensure compliance.

In March 2023, Innovate UK KTN's CEO, Dr Alicia Greated left her position, with Dr Kirsty Hewitson then leading as interim CEO, Innovate UK KTN.

Annual Highlights

During the period ending March 2023, Innovate UK KTN exceeded its 2022/23 targets. These KPIs include (performance against targets in brackets): Introductions (4085, 102%), Collaborations (1359, 113%), Outcomes (1306, 131%) and total economic value supported (£329 million vs £110 million target).

The number of employees (FTE) has increased to 275 by the year end as a result of business growth activities, including programmes delivered on behalf of Central Government Departments ("Managed Programmes", where programme funding flows to Innovate UK KTN via Innovate UK), and reflecting growth in Innovate UK Core Funded programmes. This trend is expected to continue into the next financial year.

Knowledge Transfer Network Limited

Strategic Report for the Year Ended 31 March 2023

Financial key performance indicators

Our business planning and financial management requires us to balance resource against grant income to deliver high quality results against objectives. Grant funded activities have been managed with the set budget.

Principal risks and uncertainties

Capacity

1. Innovate UK KTN continue to manage available resources by engaging additional employees on fixed term contracts, effective planning in partnership with colleagues across Innovate UK, a focus group working on a mechanism to inject capacity through partnerships, additional HR resources to speed up recruitment, secondment opportunities, review and prioritising of projects, and use of flexibility 'Strategic Assignment' project resourcing.

2. Delivery risks and staff retention continue to be mitigated by extensive engagement with staff, an agreed new Pay Framework with alignment to Public Sector Rules, strong leadership guidance and support via senior managers, regular communication with staff, a non-consolidated award to help with cost-of-living increases, and the benchmarking of market rates against Innovate UK KTN pay bands.

Exposure to financial risks

Innovate UK KTN was assessed, 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 Innovate UK KTN and non-insolvency events.

Cashflow Risk

Innovate UK KTN ensures robust cash flow management. Current estimates for cashflow outline manageable monthly balances and 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.

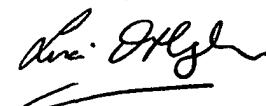
Non-financial and sustainability information

Energy and carbon report

The company has taken advantage of the exemption to not disclose its own energy and carbon information as it meets the following criteria.

- it is a subsidiary undertaking at the end of the financial year;
- it is included in the UK group report of a parent entity;
- that UK group report is prepared for a financial year of the parent that ends at the same time as, or before, the end of the subsidiary's financial year; and
- the UK group report complies with the relevant requirements of the parent to report energy and carbon information.

Approved by the board on 22 December 2023 and signed on its behalf by:



L O Hazelden
Director

Knowledge Transfer Network Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' of the company

The directors, who held office during the year, were as follows:

C Callow - Company secretary and director

D M J Wilkes (appointed 26 April 2022)

Dr A Greated (resigned 31 March 2023)

M Biddle (appointed 26 April 2022 and resigned 26 September 2023)

A Shaw (appointed 26 April 2022)

The following directors were appointed after the year end:

L O Hazelden (appointed 26 September 2023)

J D Kingsbury (appointed 26 September 2023)

Principal activity

The principal activity of the company is the promotion of innovation within the UK.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The directors acknowledge their responsibilities for preparing the Annual 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 UK adopted International Financial Reporting Standards (IFRSs). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted International Financial Reporting Standards (IFRSs) have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Knowledge Transfer Network Limited

Directors' Report for the Year Ended 31 March 2023

Approved by the board on 22 December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'L O Hazelden', with a horizontal line underneath.

L O Hazelden
Director

Knowledge Transfer Network Limited

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 31 March 2023, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 UK adopted International Financial Reporting Standards (IFRSs).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted IFRSs; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 original financial statements were 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.

Other information

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

Knowledge Transfer Network Limited

Independent Auditor's Report to the Members of Knowledge Transfer Network Limited

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page -1], 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Knowledge Transfer Network Limited

Independent Auditor's Report to the Members of Knowledge Transfer Network Limited

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. As such, we have considered:

- the nature of the industry and sector, control environment and business performance including the company's remuneration policies, bonus levels, and performance targets;
- the company's own assessment, including assessments made by key management, of the risks that irregularities may occur either as a result of fraud or error;
- any matters we identified having reviewed 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; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed amongst the audit engagement team.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the areas in which management is required to exercise significant judgement, such as the disclosure of adjusting items. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context were the Companies Act, tax legislation and regulations concerning importing and exporting to and from the UK.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

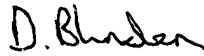
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Knowledge Transfer Network Limited

Independent Auditor's Report to the Members of Knowledge Transfer Network Limited

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.



.....
Dean Blunden BFP FCA (Senior Statutory Auditor)
For and on behalf of UHY Ross Brooke, Statutory Auditor

2 Old Bath Road
Newbury
Berkshire
RG14 1QL

22 December 2023

Knowledge Transfer Network Limited

Income Statement for the Year Ended 31 March 2023

		2023	9 months to 31 March 2022
	Note	£	£
Revenue	4	35,193,374	16,793,818
Administrative expenses		<u>(34,464,686)</u>	<u>(16,230,438)</u>
Operating profit	5	<u>728,688</u>	<u>563,380</u>
Finance income		40,615	2,163
Finance costs		<u>(47,378)</u>	<u>-</u>
Net finance (cost)/income	6	<u>(6,763)</u>	<u>2,163</u>
Profit before tax		721,925	565,543
Income tax expense	10	<u>(168,397)</u>	<u>(103,998)</u>
Profit for the period		<u><u>553,528</u></u>	<u><u>461,545</u></u>

The above results were derived from continuing operations.

The notes on pages 15 to 30 form an integral part of these financial statements.

Knowledge Transfer Network Limited

Statement of Comprehensive Income for the Year Ended 31 March 2023

	2023 £	9 months to 31 March 2022 £
Profit for the period	<u>553,528</u>	<u>461,545</u>
Total comprehensive income for the period	<u>553,528</u>	<u>461,545</u>

The notes on pages 15 to 30 form an integral part of these financial statements.

Knowledge Transfer Network Limited

(Registration number: 08705643)

Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	107,850	135,074
Right of use assets	12	421,351	-
Investments in subsidiaries		<u>1</u>	<u>-</u>
		<u>529,202</u>	<u>135,074</u>
Current assets			
Trade and other receivables	14	10,825,103	7,151,909
Cash and cash equivalents	15	<u>9,512,001</u>	<u>3,498,011</u>
		<u>20,337,104</u>	<u>10,649,920</u>
Total assets		<u>20,866,306</u>	<u>10,784,994</u>
Equity and liabilities			
Equity			
Retained earnings		(3,062,195)	(2,508,667)
Non-current liabilities			
Lease liabilities		(212,722)	-
Deferred income		(2,869,895)	(5,529,558)
Deferred tax liabilities	10	<u>(26,963)</u>	<u>-</u>
		<u>(3,109,580)</u>	<u>(5,529,558)</u>
Current liabilities			
Lease liabilities		(210,647)	-
Trade and other payables	18	(10,167,365)	(1,001,364)
Income tax liability		(142,261)	(104,825)
Deferred income		<u>(4,174,258)</u>	<u>(1,640,580)</u>
		<u>(14,694,531)</u>	<u>(2,746,769)</u>
Total liabilities		<u>(17,804,111)</u>	<u>(8,276,327)</u>
Total equity and liabilities		<u>(20,866,306)</u>	<u>(10,784,994)</u>

Approved by the board on 22 December 2023 and signed on its behalf by:



L O Hazelden
Director

The notes on pages 15 to 30 form an integral part of these financial statements.

Knowledge Transfer Network Limited

Statement of Changes in Equity for the Year Ended 31 March 2023

	Retained earnings £	Total £
At 1 July 2021	<u>2,047,122</u>	<u>2,047,122</u>
Profit for the period	<u>461,545</u>	<u>461,545</u>
Total comprehensive income	<u>461,545</u>	<u>461,545</u>
At 31 March 2022	<u><u>2,508,667</u></u>	<u><u>2,508,667</u></u>

	Retained earnings £	Total £
At 1 April 2022	<u>2,508,667</u>	<u>2,508,667</u>
Profit for the period	<u>553,528</u>	<u>553,528</u>
Total comprehensive income	<u>553,528</u>	<u>553,528</u>
At 31 March 2023	<u><u>3,062,195</u></u>	<u><u>3,062,195</u></u>

The notes on pages 15 to 30 form an integral part of these financial statements.

Knowledge Transfer Network Limited

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the period		553,528	461,545
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	50,168	12,280
Depreciation on right of use assets		210,675	-
Foreign exchange loss/(gain)	5	6,431	(128,321)
Finance income	6	(40,615)	(2,163)
Finance costs	6	47,378	-
Income tax expense	10	<u>168,397</u>	<u>103,998</u>
		995,962	447,339
Working capital adjustments			
Increase in trade and other receivables	14	(3,673,194)	(4,032,830)
Increase in trade and other payables	18	9,159,571	974,248
Decrease in deferred income, including government grants		<u>(125,985)</u>	<u>(1,114,195)</u>
Cash generated from operations		6,356,354	(3,725,438)
Income taxes paid	10	<u>(103,998)</u>	<u>(96,806)</u>
Net cash flow from operating activities		<u>6,252,356</u>	<u>(3,822,244)</u>
Cash flows from investing activities			
Interest received	6	40,615	2,163
Acquisition of subsidiaries		(1)	-
Acquisitions of property plant and equipment		(22,944)	(147,354)
Payments made on leased assets during the period		<u>(213,920)</u>	<u>-</u>
Net cash flows from investing activities		(196,250)	(145,191)
Cash flows from financing activities			
Foreign exchange gains or losses	6	<u>(42,116)</u>	<u>6,867</u>
Net increase/(decrease) in cash and cash equivalents		6,013,990	(3,960,568)
Cash and cash equivalents at 1 April		<u>3,498,011</u>	<u>7,458,579</u>
Cash and cash equivalents at 31 March		<u>9,512,001</u>	<u>3,498,011</u>

The notes on pages 15 to 30 form an integral part of these financial statements.

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

The company is a private company limited by guarantee, incorporated and domiciled in England and Wales, 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.

The address of its registered office is:

Suite 218, Business Design Centre

52 Upper Street

Islington

London

N1 0QH

These financial statements were authorised for issue by the board on 22 December 2023.

2 Accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the UK ("UK adopted IFRSs").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRS's, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The financial statements are also prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

The IFRS primary financial statements are presented in accordance with IAS 1 - 'Presentation of Financial Statements'.

The company has prepared the financial statements under IFRS for the first time in the accounting period ended 1 April 2022. Under IFRS 1, the company is required to restate its prior year financial statements inline with the IFRS accounting standard. On adoption of the standard, there has not been a material effect on the comparative figures and therefore they have not been restated.

The financial statements are presented in pounds sterling, the functional currency of KTN. Transactions denominated in a foreign currency are translated into sterling at the rate of exchange on the date of each transaction. In preparing the financial statements, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. All translation differences of monetary assets and liabilities are included in net expenditure for the year.

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Disclosure of long or short period

The entity's reporting period changed in 2022 in order to produce financial statements up to the date of a change in ownership and to align with Innovate UK. The prior years financial statements have therefore been prepared for a period of 9 months. This means that comparative amounts presented in the financial statements and the related notes are not entirely comparable.

Exemption from preparing group accounts

The financial statements contain information about Knowledge Transfer Network Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, , a company incorporated in .

Changes resulting from adoption of IFRS 16

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The company transitioned to IFRS for the year ended 31 March 2023, and under IFRS 16 used the modified retrospective approach. The cumulative effect of initial application was not material and the prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 April 2022 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2022. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application
- An amount equal to the lease liability, adjusted for any prepaid or accrued lease payments

The company recognised lease liabilities in relation to leases that were classified as 'operating leases' under the principles of IAS 17 - Leases. On transition, an additional £632,026 (2022 - £Nil) of right-to-use assets and £632,026 (2022 - £Nil) of lease liabilities were recognised.

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

	As originally reported 31 March 2022 £
Note	
Operating lease commitments at 31 March 2022	837,569
Operating lease commitments discounted at the incremental borrowing rate	(9,733)
Recognition exemption for short-term leases	(168,523)
Recognition exemption for low-value assets	<u>(27,287)</u>
Lease liabilities recognised at 1 April 2022	<u><u>632,026</u></u>

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2022. The weighted average rate applied was 0.95%.

Revenue recognition

Recognition

Revenue

Revenue 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 recognised when there is reasonable assurance the entity will comply with the conditions attached to the grant and recognised to the extent of the expenditure incurred in the period. Grants received in advance of the associated conditions being met are recognised as deferred income. Grants meeting the associated conditions but not received are recognised as accrued income.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 operates and generates taxable income.

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	3 years straight line
Office Equipment	3 years straight line

Investments

Investments are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short-term highly liquid investments which are readily

convertible to known amounts of cash, are subject to insignificant risk of changes in value, and have an original maturity of three months or less. Any bank overdraft amounts without the right of offset are included within trade payables and other liabilities.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. In line with IFRS 9, the simplified approach has been adopted and a provision for the impairment of trade receivables will be recognised at an amount equal to expected lifetime credit losses.

Trade payables

Trade and other payables are recognised in the period in which related money, goods or services are received or when a legally enforceable claim against KTN is established, or when the corresponding assets or expenses are recognised.

Leases

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, plant and equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statement.

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due.

Financial instruments

Initial recognition

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

A financial asset is derecognised when the contractual rights to receive future cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

3 Critical accounting judgements 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 and are based on management's best knowledge of the relevant facts and circumstances. However, the resulting accounting estimates will, by definition, seldom equal the related actual results. Information on such judgements and estimations is contained in the accounting policies and / or notes to the financial statements and the key areas are summarised below:

Property, Plant and Equipment

A number of judgements have been made around valuation of PPE, useful economic lives, depreciation rates and indices used. These have been more fully explained in Note 2 above.

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Grant Accruals and Prepayments

Financial statements include a grant accrual for each project where it has been determined that there is an unclaimed amount at the year-end that is due to participants. Given the nature of this estimate and the history of recipients not spending, and therefore not being reimbursed for, their full entitlement, an expected future underspend percentage is calculated based on historic data of underspend against payment profile and applied to the year-end balance.

A No Cost Extension (NCE) arises when a grant recipient moves the end date of a research or fellowship grant into the future without changing the value of the grant.

A new grant profile is modelled and a prepayment is recognised as a result. Payments continue to be made quarterly in accordance with the original grant profile, however the new profile recognises expenditure through to the new end date of the grant agreed between KTN and the grant recipient. In recognising this prepayment KTN makes judgements and assumptions regarding: the population of grants affected; the impact of NCEs on the length of the grant; the amount that will be paid to the recipient during the term; the impact and timing of this impact on underlying activity supported by the grant arising from the NCE.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2023 £	2022 £
Rendering of services	2,142,427	1,488,766
Grant Income	<u>33,050,947</u>	<u>15,305,052</u>
	<u>35,193,374</u>	<u>16,793,818</u>

5 Operating profit

Arrived at after charging/(crediting)

	2023 £	2022 £
Depreciation expense	50,168	12,280
Depreciation on right of use assets - property	210,675	-
Foreign exchange losses/(gains)	6,431	(128,321)
Expense on short term leases (over one month)	182,265	290,278
Expense on low value leases	<u>4,050</u>	<u>4,573</u>

6 Finance income and costs

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

	2023 £	2022 £
Finance income		
Bank interest	40,615	2,163
Finance costs		
Foreign exchange losses - Financing	(42,116)	-
Interest expense on leases - Property	<u>(5,262)</u>	<u>-</u>
Total finance costs	<u>(47,378)</u>	<u>-</u>
Net finance (costs)/income	<u><u>(6,763)</u></u>	<u><u>2,163</u></u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023 £	2022 £
Wages and salaries	13,223,078	8,448,005
Social security costs	1,365,955	881,302
Pension costs, defined contribution scheme	1,063,152	698,841
Redundancy costs	<u>15,625</u>	<u>25,490</u>
	<u><u>15,667,810</u></u>	<u><u>10,053,638</u></u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Directors	5	7
Employees	<u>253</u>	<u>215</u>
	<u><u>258</u></u>	<u><u>222</u></u>

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	<u>159,677</u>	<u>172,950</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

9 Auditors' remuneration

	2023	2022
	£	£
Audit of the financial statements	<u>40,183</u>	<u>48,500</u>

10 Income tax

Tax charged/(credited) in the income statement

	2023	2022
	£	£
Current taxation		
UK corporation tax	141,434	103,998
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>26,963</u>	<u>-</u>
Tax expense in the income statement	<u>168,397</u>	<u>103,998</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

	2023 £	2022 £
Profit before tax	<u>721,925</u>	<u>565,543</u>
Corporation tax at standard rate	137,166	107,453
Increase in current tax from adjustment for prior periods	12,664	-
Increase from effect of capital allowances depreciation	5,784	2,333
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(14,180)	(5,788)
Other tax effects for reconciliation between accounting profit and tax expense	<u>26,963</u>	<u>-</u>
Total tax charge	<u>168,397</u>	<u>103,998</u>

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 April 2022 £	Recognised in income £	At 31 March 2023 £
Accelerated tax depreciation	-	26,693	26,693
	-	26,693	26,693

11 Property, plant and equipment

	Short-term leasehold property £	Furniture, fittings and equipment £	Total £
Cost or valuation			
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
At 1 April 2022	391,065	4,209	395,274
Additions	18,870	4,074	22,944
At 31 March 2023	409,935	8,283	418,218
Depreciation			
At 1 July 2021	243,711	4,209	247,920
Charge for period	12,280	-	12,280
At 31 March 2022	255,991	4,209	260,200
At 1 April 2022	255,991	4,209	260,200
Charge for the year	50,168	-	50,168
At 31 March 2023	306,159	4,209	310,368
Carrying amount			
At 31 March 2023	103,776	4,074	107,850
At 31 March 2022	135,074	-	135,074

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

12 Right of use assets

	Property £	Total £
Cost or valuation		
Additions	<u>632,026</u>	<u>632,026</u>
At 31 March 2023	<u>632,026</u>	<u>632,026</u>
Depreciation		
Charge for the year	<u>210,675</u>	<u>210,675</u>
At 31 March 2023	<u>210,675</u>	<u>210,675</u>
Carrying amount		
At 31 March 2023	<u><u>421,351</u></u>	<u><u>421,351</u></u>

13 Investments

Subsidiaries	£
Cost or valuation	
Additions	<u>1</u>
At 31 March 2023	<u>1</u>
Carrying amount	
At 31 March 2023	<u><u>1</u></u>

Details of the subsidiaries as at 31 March 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
KTN Commercial*		Business Design Centre Suite 218, 52 Upper Street, London, United Kingdom, N1 0QH England and Wales	100%	0%

* indicates direct investment of the company

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

14 Trade and other receivables

	31 March 2023	31 March 2022
	£	£
Current		
Trade receivables	5,463,154	822,372
Prepayments & accrued income	5,353,177	6,311,084
Other receivables	<u>8,772</u>	<u>18,453</u>
	<u>10,825,103</u>	<u>7,151,909</u>

The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in note 20 "Financial risk review".

15 Cash and cash equivalents

	31 March 2023	31 March 2022
	£	£
Cash at bank	<u>9,512,001</u>	<u>3,498,011</u>

16 Reserves

Retained Earnings

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

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

17 Leases

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 March 2023 £	31 March 2022 £
Less than one year	213,900	342,794
2 years	213,900	256,704
3 years	53,500	238,071
Total lease liabilities (undiscounted)	<u>481,300</u>	<u>837,569</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 March 2023 £	31 March 2022 £
Payment		
Right of use assets	210,675	-
Interest	5,300	-
Low value leases	4,050	-
Short term leases	182,265	-
Total cash outflow	<u>402,290</u>	<u>-</u>

18 Trade and other payables

	31 March 2023 £	31 March 2022 £
Trade payables	61,087	5,361
Accrued expenses	9,893,074	847,360
Social security and other taxes	177,716	148,643
Outstanding defined contribution pension costs	2,177	-
Other payables	33,311	-
	<u>10,167,365</u>	<u>1,001,364</u>

The company's exposure to market and liquidity risks, including maturity analysis, relating to trade and other payables is disclosed in note 20 "Financial risk review".

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,063,152 (2022 - £698,841).

Contributions totalling £2,177 (2022 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

20 Financial risk review

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks KTN faces in undertaking its activities. Specifically: (a) the significance of financial instruments affecting financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which it is exposed. Due to the largely non-trading nature of its activities and the way it is financed, KTN is not exposed to the degree of financial risk faced by businesses. Moreover, financial instruments play a limited role in creating or changing risk on its operational activities.

Receivables and creditor risk

Financial assets and liabilities are held at fair value. The fair value of KTN's financial assets and liabilities are equivalent to the carrying amount unless stated above. KTN has limited powers to borrow or invest funds; financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing in undertaking its activities.

Liquidity risk

KTN net revenue resource requirements are largely funded by the grant-in-aid from UKRI. The capital expenditure is also financed through the grant-in-aid. KTN is therefore not exposed to significant liquidity risks.

Foreign exchange risk

Foreign currency risk arises when KTN enter into transactions denominated in a currency other than the functional currency.

Interest rate risk

KTN has a low level of exposure to interest rate fluctuations; it does not actively seek to invest cash in money markets. Any excess funds held outside of the Government Banking Systems banking framework, and which could attract interest, are maintained in low level current accounting arrangements, as part of its banking arrangements with Barclays Bank PLC.

Knowledge Transfer Network Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

21 Related party transactions

During the period to 31 March 2023 the company received grants from its parent company of £33,437,776. As at the year end the total due to KTN from UKRI was £5,227,022.

The accounts are also required to disclose transactions with those who are key management personnel as per IAS 24 'related parties'. This is taken to be those members of staff who include the Executive Directors and all KTN Board Members. During the year, no transactions with key management were entered into.

During the year KTN did not enter into any new awards or contracts funded by KTN where KTN board members are the principal investigator and made no payments in respect of funded awards of contracts to institutions where Executive Directors, Board members or their close family members were employed in the year.

22 Parent and ultimate parent undertaking

On 1 April 2022, UK Research and Innovation, a Non Departmental Public Body governed under Higher Education and Research Act 2017, became the sole member of Knowledge Transfer Network Ltd.

These financial statements are available upon request from UK Research and Innovation, Polaris House, North Star Avenue, Swindon, SN2 1SZ.

The ultimate controlling party is UK Research and Innovation.