

Kadans Science Partner UK Limited

Directors' Report and Financial Statements

Year Ended

31 December 2022

Company Number 11757869

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Kadans Science Partner UK Limited

Company Information

Directors	J P Sheppard Kadans Holding B.V.
Registered number	11757869
Registered office	1 St. James Court Whitefriars Norwich Norfolk NR3 1RU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Kadans Science Partner UK Limited

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Kadans Science Partner UK Limited

Directors' Report For the Year Ended 31 December 2022

The directors present their report and the financial statements for Kadans Science Partner UK Limited (the "company") and its subsidiary undertakings (together the "group") for the year ended 31 December 2022.

Principal activity

The principal activities of the group consist of the development of, investment in, and management of science parks combining offices with laboratories and other R&D facilities for companies in innovative sectors. The principal activity of the company is to act as a holding and financing company for its subsidiary undertakings.

Going concern

The group has net assets of £56,393,872 (2021 - £45,032,725) and net current assets of £4,245,828 (2021 - net current liabilities of £6,457,678). The group is therefore well positioned in terms of its Statement of Financial Position to meet its financial obligations as they fall due, and therefore the directors are of the opinion that the use of the going concern assumption is appropriate.

Furthermore, the group's parent company has assured its willingness to provide financial support for a period of at least 12 months from the date of signing the financial statements in case any obligations cannot be met.

Results and dividends

The consolidated profit for the year, after taxation, amounted to £11,361,147 (2021 - £33,433,981).

The directors did not recommend payment of a dividend (2021 - £Nil).

Directors

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

J P Sheppard
Kadans Holding B.V.
S J Ribbens (resigned 4 July 2023)

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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 December 2023

and signed on its behalf.


J P Sheppard
Director

Kadans Science Partner UK Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2022

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 group and company 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 group and company and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards 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.

Kadans Science Partner UK Limited

Independent Auditor's Report to the Members of Kadans Science Partner UK Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kadans Science Partner UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Kadans Science Partner UK Limited

Independent Auditor's Report to the Members of Kadans Science Partner UK Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and parent 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the 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 group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Kadans Science Partner UK Limited

Independent Auditor's Report to the Members of Kadans Science Partner UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the entities within the group that were contrary to applicable laws and regulations, including fraud.
- We considered the group's and parent company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the group and the parent company financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of group management and the directors of the parent company as to the risks of non-compliance and any instances thereof.
- We addressed the risk of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during and subsequent to the year and evaluating whether there was evidence of bias in these entries, or other accounting estimates made in the preparation of the financial statements that represented a risk of material misstatement due to fraud.

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


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.

Kadans Science Partner UK Limited

Independent Auditor's Report to the Members of Kadans Science Partner UK Limited (continued)

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 21 December 2023

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

Kadans Science Partner UK Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	As restated 2021 £
Turnover	5	9,434,636	5,598,345
Cost of sales		(4,734,983)	(2,321,210)
Gross profit		4,699,653	3,277,135
Administrative expenses		(524,003)	(325,934)
Surplus on fair value of investment properties	14	13,882,623	45,810,933
Operating profit	6	18,058,273	48,762,134
Interest receivable and similar income	9	431,096	-
Interest payable and similar expenses	10	(7,253,551)	(3,949,017)
Fair value movements on derivative financial instruments	20	3,582,876	477,218
Profit before tax		14,818,694	45,290,335
Tax on profit	11	(3,457,547)	(11,856,354)
Profit for the financial year		11,361,147	33,433,981

There was no other comprehensive income for 2022 (2021 - £Nil).

All amounts relate to continuing activities.

The notes on pages 14 to 36 form part of these financial statements.

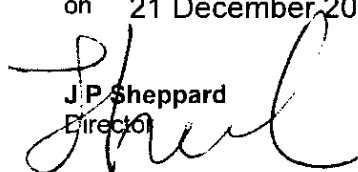
Kadans Science Partner UK Limited

Registered number:11757869

Consolidated Statement of Financial Position As at 31 December 2022

	Note	2022 £	2022 £	As restated 2021 £	As restated 2021 £
Fixed assets					
Tangible assets	12		6,769		-
Investment property	14		267,309,822		166,074,583
			<u>267,316,591</u>		<u>166,074,583</u>
Current assets					
Debtors: amounts falling due after more than one year	15	9,270,099		10,366	
Debtors: amounts falling due within one year	15	4,328,942		1,738,782	
Cash and cash equivalents	16	1,492,453		1,095,667	
		<u>15,091,494</u>		<u>2,844,815</u>	
Creditors: amounts falling due within one year	17	(10,845,666)		(9,302,493)	
Net current assets/(liabilities)			<u>4,245,828</u>		<u>(6,457,678)</u>
Total assets less current liabilities			<u>271,562,419</u>		<u>159,616,905</u>
Creditors: amounts falling due after more than one year	18		(197,638,082)		(100,748,053)
Provisions for liabilities					
Deferred tax	21		(17,530,465)		(13,836,127)
Net assets			<u><u>56,393,872</u></u>		<u><u>45,032,725</u></u>
Capital and reserves					
Called up share capital	22		1		1
Capital contribution reserve	23		5,736,310		5,736,310
Profit and loss account	23		50,657,561		39,296,414
Total equity			<u><u>56,393,872</u></u>		<u><u>45,032,725</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2023


J.P. Sheppard
Director

The notes on pages 14 to 36 form part of these financial statements.

Kadans Science Partner UK Limited

Registered number:11757869

Company Statement of Financial Position As at 31 December 2022

	Note	2022 £	2022 £	As restated 2021 £	As restated 2021 £
Fixed assets					
Investments	13		17,051,120		5,736,314
Current assets					
Debtors: amounts falling due after more than one year	15	144,270,099		34,258,298	
Debtors: amounts falling due within one year	15	34,149		84,492	
Cash and cash equivalents	16	937,220		5,674	
		<u>145,241,468</u>		<u>34,348,464</u>	
Creditors: amounts falling due within one year	17	(2,639,918)		(250,554)	
Net current assets			142,601,550		34,097,910
Total assets less current liabilities			<u>159,652,670</u>		<u>39,834,224</u>
Creditors: amounts falling due after more than one year	18		(155,332,548)		(34,247,930)
Net assets			<u><u>4,320,122</u></u>		<u><u>5,586,294</u></u>
Capital and reserves					
Called up share capital	22		1		1
Capital contribution reserve	23		5,736,310		5,736,310
Profit and loss account	23		(1,416,189)		(150,017)
Total equity			<u><u>4,320,122</u></u>		<u><u>5,586,294</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the company for the year was £1,266,172 (2021 - profit of £390,880).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2023


J P Sheppard
Director

The notes on pages 14 to 36 form part of these financial statements.

Kadans Science Partner UK Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022 (as previously stated)	1	-	45,032,724	45,032,725
Prior year adjustment (note 4)	-	5,736,310	(5,736,310)	-
At 1 January 2022 (as restated)	1	5,736,310	39,296,414	45,032,725
Comprehensive income for the year				
Profit for the year	-	-	11,361,147	11,361,147
Total comprehensive income for the year	-	-	11,361,147	11,361,147
At 31 December 2022	1	5,736,310	50,657,561	56,393,872

The notes on pages 14 to 36 form part of these financial statements.

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	1	-	5,862,433	5,862,434
Comprehensive income for the year				
Profit for the year	-	-	33,433,981	33,433,981
Total comprehensive income for the year	-	-	33,433,981	33,433,981
Contributions by and distributions to owners				
Capital contribution received from parent company (as previously stated)	-	-	5,736,310	5,736,310
Reallocation of capital contribution received from parent company (as restated)	-	5,736,310	(5,736,310)	-
Total transactions with owners (as restated)	-	5,736,310	-	5,736,310
At 31 December 2021 (as restated)	1	5,736,310	39,296,414	45,032,725

The notes on pages 14 to 36 form part of these financial statements.

Kadans Science Partner UK Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022 (as previously stated)	1	-	5,586,293	5,586,294
Prior year adjustment (note 4)	-	5,736,310	(5,736,310)	-
At 1 January 2022 (as restated)	1	5,736,310	(150,017)	5,586,294
Comprehensive loss for the year				
Loss for the year	-	-	(1,266,172)	(1,266,172)
Total comprehensive loss for the year	-	-	(1,266,172)	(1,266,172)
At 31 December 2022	1	5,736,310	(1,416,189)	4,320,122

Company Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	1	-	(540,897)	(540,896)
Comprehensive income for the year				
Profit for the year	-	-	390,880	390,880
Total comprehensive income for the year	-	-	390,880	390,880
Contributions by and distributions to owners				
Capital contribution received from parent company (as previously stated)	-	-	5,736,310	5,736,310
Reallocation of capital contribution received from parent company (as restated)	-	5,736,310	(5,736,310)	-
Total transactions with owners (as restated)	-	5,736,310	-	5,736,310
At 31 December 2021 (as restated)	1	5,736,310	(150,017)	5,586,294

The notes on pages 14 to 36 form part of these financial statements.

Kadans Science Partner UK Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	11,361,147	33,433,981
Adjustments for:		
Depreciation of tangible assets	929	-
Interest receivable	(431,096)	-
Interest payable	7,253,551	3,949,017
Taxation charge	3,457,547	11,856,354
Increase in debtors	(2,203,208)	(460,916)
Increase/(decrease) in creditors	8,695,904	(2,617,494)
Fair value movements on investment properties	(13,882,623)	(46,288,151)
Fair value movements on derivative financial instruments	(3,582,876)	-
Corporation tax paid	(1,810,257)	(17,618)
Net cash generated from/(used in) operating activities	8,859,018	(144,827)
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,698)	-
Purchase of and additions to investment properties	(25,229,928)	(64,671,158)
Net cash used in investing activities	(25,237,626)	(64,671,158)

Kadans Science Partner UK Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2022

	2022 £	2021 £
Cash flows from financing activities		
New bank loans	135,000,000	15,012,501
Bank loan repayments	(34,247,930)	(63,786)
New shareholder loans	-	54,348,011
Shareholder loan repayments	(66,972,939)	(8,313,869)
Derivative financial instruments upfront costs	(5,687,223)	-
Interest received on derivative instruments	431,096	-
Interest paid	(10,438,995)	(704,961)
Loan arrangement fees paid	(1,307,809)	(143,507)
Capital contribution received	-	5,736,310
Net cash generated from financing activities	16,776,200	65,870,699
Net increase in cash and cash equivalents	397,592	1,054,714
Cash and cash equivalents at beginning of year	1,094,861	40,147
Cash and cash equivalents at the end of year	1,492,453	1,094,861
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,492,453	1,095,667
Bank overdrafts	-	(806)
	1,492,453	1,094,861

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Kadans Science Partner UK Limited is a private company limited by shares 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 its operations and its principal activities are set out in the Directors' Report.

2. Accounting policies

2.1 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 ("FRS 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 judgment in applying the group'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:

2.2 Basis of consolidation

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

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

When a group of assets that does not constitute a business is acquired, no goodwill arises and the purchase price is allocated across the acquired assets.

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation's for the group and the company would be identical.
- No cash flow statement or net debt reconciliation has been presented for the company.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the totals for the group as a whole.
- Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.4 Going concern

The group has net assets of £56,393,872 (2021 - £45,032,725) and net current assets of £4,245,828 (2021 - net current liabilities of £6,457,678). The group is therefore well positioned in terms of its Statement of Financial Position to meet its financial obligations as they fall due, and therefore the directors are of the opinion that the use of the going concern assumption is appropriate.

Furthermore, the group's parent company has assured its willingness to provide financial support for a period of at least 12 months from the date of signing the financial statements in case any obligations cannot be met.

2.5 Turnover

Turnover comprises rent receivable from operating leases on the group's investment properties, which is measured on a straight line basis, taking account of any lease incentives over the lease term. Turnover is shown net of Value Added Tax.

Turnover comprises service charge income determined in accordance with lease agreements and general terms and conditions. The group recharges service charge costs including an administration fee to its tenants. Costs in respect of maintenance services and other support services ("service charge costs") are included within cost of sales.

2.6 Lease incentives: the group as a lessor

Rent-free periods, rent reductions or other rent incentives granted to tenants ("lease incentives") are allocated on a linear basis over the lease term. The lease term consists of the period until the first break option for the tenants. In determining the property at fair value, capitalised lease incentives are adjusted for in the valuation results, to avoid double counting.

The resulting lease incentive is reflected as a debtor in the Statement of Financial Position. Any remaining incentive balances in respect of properties disposed of are included in the calculation of the profit or loss arising on the disposal.

2.7 Operating leases: the group as lessee

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

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs that have been incurred solely due to the construction of investment properties are capitalised to the investment property. All other finance costs are charged to profit or loss 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.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.10 Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value. Fair value is determined by suitably qualified individuals and approved by the directors. The fair value is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the profit or loss.

Properties under long-term leases are accounted for as investment properties and after initial recognition, measured at fair value with gains or losses recognised in the profit or loss.

Properties under construction are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available without undue costs or effort. Changes in fair value are recognised in profit or loss. If fair value cannot be reliably measured, properties under construction are held at cost.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2.11 Tangible fixed assets

Tangible fixed assets, other than investment properties, 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:

Computer equipment	- 20%
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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 profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Impairment of fixed assets

Fixed assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in profit or loss.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.14 Financial instruments

With the exception of derivatives, noted below, the group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to and from related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in the case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. Changes in the fair value of derivatives are recognised in the profit or loss. The group does not currently apply hedge accounting for interest rate swaps.

2.15 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.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.16 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.

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

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss within "Administrative expenses".

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss 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 reporting date in the countries where the company and the group operate and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

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

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported value of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The accounting policies which in the opinion of management are the most critical for the purpose of presenting the financial position and require estimates and assumptions are those in respect of fixed asset investments, investment property and derivative financial instruments. Further details are provided in notes 13, 14 and 20.

In preparing these financial statements, the directors have had to make the following judgement:

- Determine whether there are indicators of impairment of loans to subsidiary undertakings included as loans to subsidiary undertakings in the parent company financial statements. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of each subsidiary.

4. Prior year adjustments

Service charge income

In the prior year, service charge income and other income was incorrectly included in cost of sales. To correct this in the current year, this amount will be credited to turnover in note 5.

The impact of this on the prior year accounts is a reclassification from cost of sales to turnover amounting to £1,107,794. There is no tax impact relating to the reclassification.

Deferred tax expense

In the prior year, there were changes to the tax rate. The deferred tax rate was substantively enacted which led to rate change to be accounted for. The effects of the change in the tax rates from 19% to 25% was not correctly disclosed in the analysis of tax charge in the taxation note in the prior year. To correct this disclosure in the current year, a change in tax rate line item will be added to the analysis of tax charge in the taxation note 11 under the deferred tax heading. This is a reclassification is within the deferred tax charge only and there is no impact on the total tax charge and no impact on any other areas of the financial statements due to this change.

Investment property

In the prior year, there was a misallocation of properties between investment properties under-construction and investment property that is complete. To correct this in the current year, the investment properties will be allocated to the correct categories as detailed in note 14.

Capital contribution reserve

A new accounting policy has been elected in the current year to recognise the capital contribution in a separate reserve. This change has been applied retrospectively. The capital contribution received in the prior year has been transferred from the profit and loss account to a separate capital contribution reserve. This change has been restated in prior year the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

5. Turnover

An analysis of turnover is as follows:

	2022 £	As restated 2021 £
Rental income	7,192,965	4,490,551
Service charge income	2,066,703	944,974
Utility income	166,164	162,820
Service charge settlements	8,804	-
	<u>9,434,636</u>	<u>5,598,345</u>

All turnover arose within the United Kingdom.

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	929	-
Exchange differences	65,029	-
Ground rent operating lease expense	103,289	-
Service charge expense	<u>2,239,785</u>	<u>1,146,243</u>

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	5,625	4,500
Fees payable to the company's auditor for the audit of the group's annual financial statements	35,275	21,250
	<u>40,900</u>	<u>25,750</u>
Fees payable to the company's auditor for other services provided to the group:		
Tax compliance services	28,500	12,875
Tax advisory services	57,500	23,050
Other non-audit services	17,800	12,350
	<u>103,800</u>	<u>48,275</u>

8. Employees

The group and company have no employees other than the directors, who did not receive any remuneration during the year (2021 - £Nil). J P Sheppard was remunerated by a fellow group company, Kadans Science Partner UK Services Limited.

The directors are considered the only key management personnel of the group and company.

9. Interest receivable and similar income

	2022 £	2021 £
Interest receivable on derivative instruments	<u>431,096</u>	<u>-</u>

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

10. Interest payable and similar expenses

	2022 £	2021 £
Interest on bank loans and overdrafts	3,546,153	943,410
Interest on shareholder loans	5,286,232	4,140,954
Amortisation of loan issue costs	453,957	129,205
	<u>9,286,342</u>	<u>5,213,569</u>
Interest capitalised into property under construction	(2,032,791)	(1,264,552)
	<u>7,253,551</u>	<u>3,949,017</u>

11. Taxation

	2022 £	As restated 2021 £
Corporation tax		
Current tax on profits for the year	-	136,810
Adjustments in respect of previous periods	(334,889)	(76,019)
Group taxation relief for the year	(109,610)	-
Group taxation relief - adjustments in respect of previous periods	(69,821)	-
Total current tax	<u>(514,320)</u>	<u>60,791</u>
Deferred tax		
Origination and reversal of timing differences	3,837,985	8,482,497
Changes to tax rates	-	3,313,066
Adjustments in respect of previous periods	133,882	-
Total deferred tax	<u>3,971,867</u>	<u>11,795,563</u>
Taxation on profit on ordinary activities	<u>3,457,547</u>	<u>11,856,354</u>

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year varies from the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	14,818,694	45,290,335
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,815,552	8,605,164
Effects of:		
Fixed asset differences	(80,193)	(15,654)
Other differences	71,900	29,797
Changes in future tax rates	921,116	3,313,066
Adjustments in respect of previous periods - corporation tax	(334,889)	(76,019)
Adjustments in respect of previous periods - deferred tax	133,882	-
Adjustments in respect of previous periods - group relief	(69,821)	-
Total tax charge for the year	3,457,547	11,856,354

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (25% effective from 1 April 2023) have been substantively enacted. This will impact the group's future tax charge accordingly. Deferred taxation at the reporting date has been calculated using the applicable rate when the balance is expected to be realised.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Tangible fixed assets

Group

	Computer equipment £
Cost	
Additions	7,698
At 31 December 2022	<u>7,698</u>
Depreciation	
Charge for the year	929
At 31 December 2022	<u>929</u>
Net book value	
At 31 December 2022	<u>6,769</u>
At 31 December 2021	<u>-</u>

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2022	5,736,314
Additions	11,314,807
Disposals	(1)
At 31 December 2022	<u>17,051,120</u>

Subsidiary undertakings

At the Statement of Financial Position date, the following were direct subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding 2022	Holding 2021
Kadans Science Partner 1 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	100%	100%
Kadans Science Partner 2 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	100%	100%
Kadans Science Partner 3 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	100%	100%
Kadans Science Partner 4 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	100%	100%
Kadans Science Partner 5 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	100%	100%
Kadans Science Partner 7 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	100%	0%
Kadans Science Partner 9 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	100%	0%
Kadans Science Partner 10 UK Limited	1 St. James Court, Whitefriars, Norwich, Norfolk, NR3 1RU	Ordinary	0%	100%

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

On 15 June 2022, the company acquired 100% of the Ordinary share capital of Kadans Science Partner 7 UK Limited at fair value for a total consideration of £9,084,697. The subsidiary was acquired from Kadans Science Partner UK Holdings Limited, an entity under common control and no goodwill was recognised on the transaction.

On 15 June 2022, the company acquired 100% of the Ordinary share capital of Kadans Science Partner 9 UK Limited at fair value for a total consideration of £2,230,110. The subsidiary was acquired from Kadans Science Partner UK Holdings Limited, an entity under common control and no goodwill was recognised on the transaction.

On 15 June 2022, the company also sold 100% of the Ordinary share capital in Kadans Science Partner 10 UK Limited to Kadans Science Partner UK Holdings Limited, an entity under common control, for a consideration of £1. No gain or loss was recognised on the disposal.

Kadans Science Partner 1 UK Limited, Kadans Science Partner 2 UK Limited, Kadans Science Partner 3 UK Limited, Kadans Science Partner 4 UK Limited, Kadans Science Partner 5 UK Limited, Kadans Science Partner 7 UK Limited and Kadans Science Partner 9 UK Limited are exempt from the requirement of the Companies Act 2006 relating to the audit of their individual financial statements for the year/period ended 31 December 2022 by virtue of section 479A. The company has provided each of these subsidiaries with a guarantee under section 479C of the Companies Act 2006 thereby undertaking to guarantee all outstanding liabilities to which each subsidiary company is subject at the end of the financial year.

In preparing the financial statements, the directors have determined whether there are indicators of impairment of the group's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The directors consider that no impairment on fixed asset investments is necessary as at 31 December 2022 (2021 - £Nil).

14. Investment property

Group

	Freehold investment property £	Freehold investment property under construction £	Long term leasehold investment property £	Total £
Valuation				
At 1 January 2022 (as restated)*	51,324,654	56,299,929	58,450,000	166,074,583
Additions at cost	2,495,502	18,544,359	6,222,858	27,262,719
Additions on acquisition of subsidiaries	20,815,455	39,274,442	-	60,089,897
(Deficit)/surplus on revaluation	(722,915)	6,557,063	8,048,475	13,882,623
Transfers between classes	61,571,794	(61,571,794)	-	-
At 31 December 2022	135,484,490	59,103,999	72,721,333	267,309,822

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

14. Investment property (continued)

The historical cost of the investment properties was £187,020,800 (2021 - £109,924,119). If the investment properties were held at historical cost, accumulated depreciation as at 31 December 2022 would have been £7,917,074 (2021 - £4,322,055). Historical cost excludes depreciation on properties under construction at the reporting date.

The investment properties are held at fair value as at 31 December, determined by Jones Lang LaSalle Limited, an independent, professionally qualified RICs valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

The group's completed investment properties were valued using a yield methodology approach and the group's property under construction was valued using a residual valuation approach with certain unobservable inputs. The significant unobservable inputs used in the valuations at 31 December were, where relevant, the estimated rental value (ERV) and the market capitalisation rate (yield) of the properties in their completed state and any estimated costs to complete. The ERVs as at 31 December 2022 ranged from £151 to £861 per square meter and were determined by reference to rents currently achieved on existing leases and the rents being asked by landlords advertising properties of a similar specification in that geographical region. The yields as at 31 December 2022 ranged from 4.5% to 8.1% and were determined by reference to evidence derived from comparable market transactions. The estimated costs to complete were determined by reference to the latest development forecasts. A decrease in the ERV or an increase in the yield and estimated costs to complete will typically result in a decrease in the fair value of the property.

Borrowing costs totalling £2,032,791 (2021 - £1,264,552) were capitalised in respect of property under construction during the year.

At the reporting date, the group had total capital commitments of £56,282,165 (2021 - £Nil) related to its property development activities.

* As at 1 January 2022 the freehold investment property and freehold investment property under construction has been restated to reflect correct balances. Freehold investment property has decreased from the previously stated amount of £57,700,340 to £51,324,654 and freehold investment property under construction has increased from the previously stated amount of £49,924,243 to £56,299,929.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due after more than one year				
Loans due from subsidiary undertakings	-	-	135,000,000	34,247,932
Derivative financial instruments (see note 20)	9,270,099	10,366	9,270,099	10,366
	<u>9,270,099</u>	<u>10,366</u>	<u>144,270,099</u>	<u>34,258,298</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Trade debtors	1,405,710	15,137	-	-
Amounts owed by group companies	109,610	338,782	22,272	81,900
Other debtors	1,922,147	1,361,517	4,000	-
Prepayments and accrued income	810,805	23,346	-	-
Corporation tax recoverable	80,670	-	-	-
Deferred taxation (see note 21)	-	-	7,877	2,592
	<u>4,328,942</u>	<u>1,738,782</u>	<u>34,149</u>	<u>84,492</u>

The loans due from subsidiary undertakings of Kadans Science Partner UK Limited represent the onward lending of the company's bank loan to its subsidiary undertakings. They do not have any fixed terms of repayment but are due to be called for repayment as the bank loan falls due for repayment. They have therefore been classified as being due within one year or after one year on this basis. Interest was charged on these amounts at the same rate as charged by the bank during the year, being SONIA + 2.2% (2021 - LIBOR + 2.5%).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

16. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	1,492,453	1,095,667	937,220	5,674
Less: bank overdraft	-	(806)	-	-
	<u>1,492,453</u>	<u>1,094,861</u>	<u>937,220</u>	<u>5,674</u>

17. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdraft	-	806	-	-
Shareholder loans (see note 19)	-	6,279,833	-	-
Trade creditors	2,818,937	1,179,131	26,878	-
Amounts owed to group undertakings	1,504,191	53,681	2,595,876	-
Corporation tax	-	49,399	-	795
Other taxation and social security	-	140,351	-	-
Other creditors	177,362	80,985	-	-
Accruals and deferred income	6,345,176	1,518,307	17,164	249,759
	<u>10,845,666</u>	<u>9,302,493</u>	<u>2,639,918</u>	<u>250,554</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

18. Creditors: amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans (see note 19)	133,822,968	33,924,750	135,000,000	34,247,930
Shareholder loans (see note 19)	63,815,114	66,823,303	20,332,548	-
	<u>197,638,082</u>	<u>100,748,053</u>	<u>155,332,548</u>	<u>34,247,930</u>

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

19. Loans

Group

Analysis of the maturity of loans is given below:

	Bank loan 2022 £	Shareholder loans 2022 £	Total 2022 £	Bank loan 2021 £	Shareholder loans 2021 £	Total 2021 £
Amounts falling due within 1 year	-	-	-	-	6,279,833	6,279,833
Amounts falling due 2-5 years	133,822,968	63,815,114	197,638,082	33,924,750	66,823,303	100,748,053
	<u>133,822,968</u>	<u>63,815,114</u>	<u>197,638,082</u>	<u>33,924,750</u>	<u>73,103,136</u>	<u>107,027,886</u>

Company

	Bank loan 2022 £	Shareholder loans 2022 £	Total 2022 £	Bank loan 2021 £	Shareholder loans 2021 £	Total 2021 £
Amounts falling due within 1 year	-	-	-	-	-	-
Amounts falling due 1-2 years	-	-	-	-	-	-
Amounts falling due 2-5 years	135,000,000	20,332,548	155,332,548	34,247,930	-	34,247,930
	<u>135,000,000</u>	<u>20,332,548</u>	<u>155,332,548</u>	<u>34,247,930</u>	<u>-</u>	<u>34,247,930</u>

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

19. Loans (continued)

The bank loan is secured by a fixed charge over the group's investment property and floating charge over all other assets in favour of HSBC Bank PLC. The company together with its guarantors, Kadans Science Partner 1 UK Limited, Kadans Science Partner 2 UK Limited, Kadans Science Partner 3 UK Limited, Kadans Science Partner 4 UK Limited, Kadans Science Partner 5 UK Limited, Kadans Science Partner 7 UK Limited and Kadans Science Partner 9 UK Limited have provided the following security against the bank loan:

- first right of mortgage on investment properties;
- first right of pledge on their shares and related dividends and other assets; and
- first right of pledge on bank accounts, permits, lease receivables, hedge receivables, intercompany receivables, insurance receivables and other receivables.

In June 2022, the bank loan was refinanced with HSBC Bank PLC. A new loan of £135,000,000 was taken out and is repayable in full in June 2025. Interest was payable during the year at a rate of SONIA + 2.2% (2021 - LIBOR + 2.5%). Amortised loan issue costs totalling £1,177,032 (2021 - £323,180) were incurred by the group and have been deducted from the carrying value of bank loans. Issue costs have been charged to profit or loss as a part of the interest charge using the effective interest rate method.

On 31 May 2022, the full balance of shareholder loans were reassigned from Life Science One B.V. to Kadans Holding B.V. As at 31 December 2022, the entire shareholder loan balance was owed to Kadans Holding B.V., the immediate parent company (2021 - £29,209,621 owed to Life Science One B.V., £49,893,515 owed to Kadans Holding B.V.). These loans are subordinated to the bank loan, are unsecured and repayable in full in June 2025. Of the shareholder loans balances at 31 December, £32,844,300 incurs interest of 8.5% and £30,970,814 incurs interest at 3.85% (2021 - £44,352,128 at 8.5% and £28,751,008 at 3.85%).

During the year ended 31 December 2022, interest of £919,970 (2021 - £2,138,035) was payable on the loan from Life Science One B.V. and interest of £4,366,262 (2021 - £2,002,919) was payable on the loan from Kadans Holding B.V. In certain circumstances the interest is capable of being rolled up into the loan capital.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

20. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Derivative financial instruments measured at fair value through profit or loss	9,270,099	10,366	9,270,099	10,366

Derivative financial instruments measured at fair value through profit or loss comprise of interest rate swaps and CAPs. The interest rate CAPs were entered with HSBC Bank PLC in order to mitigate the group's exposure to interest rate risk at a maximum SONIA rate of 1.5% payable on a quarterly basis until the termination date. The effective date of the CAPs was 16 June 2022 and the termination date is 16 June 2025. The interest rate swaps were entered with HSBC Bank PLC in order to mitigate the group's exposure to interest rate risk at a SONIA rate of 0.84% and 1.12% payable on a quarterly basis until 28 March 2024. After termination of the swaps the notional of the interest rate CAPs will decrease by the notional amount of the swaps.

In addition to the above, interest on shareholder loans is charged at fixed rates of interest which further mitigates any interest rate risk to the group.

The fair value of interest rate swaps and CAPs is determined by using calculation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. All significant inputs required to measure fair value are observable.

As at 31 December 2022, the fair value of group and company interest rate swaps was £9,270,099 (2021 - £10,366). The fair value gain recognised in the profit or loss was £3,582,876 (2021 - £477,218).

During the year, interest of £431,096 (2021 - £Nil) was received in respect of derivative financial instruments.

Cash flow risk

Cash flow risk is the risk that the group will not have sufficient cash to finance the day-to-day operations of the group. To mitigate this risk, the group prepares regular cash flow forecasts and in the event of any cash shortfalls has the ongoing support from its parent company, Kadans Holding B.V.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

21. Deferred taxation

Group

	2022 £
At beginning of year	13,836,127
Charged to profit or loss	3,971,867
Arising on acquisition of subsidiaries	(277,529)
At end of year	17,530,465

Company

	2022 £
At beginning of year	(2,592)
Credited to profit or loss	(5,285)
At end of year	(7,877)

The deferred taxation provision/(asset) is made up as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Investment property valuations	18,011,988	14,172,069	-	-
Tax losses	(481,523)	(333,350)	(7,877)	-
Other timing differences	-	(2,592)	-	(2,592)
	17,530,465	13,836,127	(7,877)	(2,592)

The net reversal of deferred tax balances expected in 2023 are in relation to tax losses. This is expected as the group expects to generate taxable profits in the forthcoming financial year, against which these tax losses will be utilised. However, it is not possible to estimate the value of future reversals as this is dependant on the capital allowance claims during the year.

The group has no imminent plans to dispose of investment property and as such, no deferred tax balances in relation to investment property valuations are expected to be reversed in 2023. Future deferred tax balances will be dependant on future changes in fair value of investment properties.

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Notes to the Financial Statements For the Year Ended 31 December 2022

22. Share capital

The group and company's share capital is as follows:

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary share of £1	1	1

The Ordinary share has attached to it full voting, dividend and capital distribution (including on winding up) rights. It does not confer any rights of redemption.

23. Reserves

The group and company's reserves are as follows:

Capital contribution reserve

The capital contribution reserve represents restricted capital contributions received from the parent company to acquire investment properties for development only.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Analysis of net debt

	At 1 January 2022 £	Cash flows £	Interest accrued on shareholder loans £	Other non- cash movements £	At 31 December 2022 £
Cash at bank and in hand	1,095,667	396,786	-	-	1,492,453
Bank overdrafts	(806)	806	-	-	-
Debt due after 1 year	(100,748,053)	(22,032,327)	(5,286,232)	(69,571,470)	(197,638,082)
Debt due within 1 year	(6,279,833)	-	-	6,279,833	-
Derivative financial instruments	10,366	5,687,223	-	3,572,510	9,270,099
	<u>105,922,659</u>	<u>(15,947,512)</u>	<u>(5,286,232)</u>	<u>(59,719,127)</u>	<u>(186,875,530)</u>

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Notes to the Financial Statements For the Year Ended 31 December 2022

25. Commitments under operating leases: Lessee

At 31 December 2022 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	147,460	109,598
Later than 1 year and not later than 5 years	629,848	626,117
Later than 5 years	17,445,743	17,609,026
	<u>18,223,051</u>	<u>18,344,741</u>

The company had no commitments under non-cancellable operating leases as at the reporting date.

In the prior year financial statements, commitments due under operating leases were omitted. The comparative figures have been included in these financial statements.

26. Commitments under operating leases: Lessor

The group leases out the investment properties under non-cancellable operating leases. At 31 December 2022 the following future minimum lease payments were due to the group from external tenants. There are no contingent rents.

	Group 2022 £	Group 2021 £
Not later than 1 year	8,287,119	5,483,204
Later than 1 year and not later than 5 years	29,240,384	20,070,740
Later than 5 years	44,455,190	31,634,553
	<u>81,982,693</u>	<u>57,188,497</u>

The company had no commitments in respect of non-cancellable operating lease rentals receivable at the reporting date (2021 - £Nil).

In the prior year financial statements, commitments due under operating leases were omitted. The comparative figures have been included in these financial statements.

27. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with other wholly owned undertakings within the group of which it is a member.

Kadans Science Partner UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

28. Ultimate parent undertaking and controlling party

The company's immediate parent company is Kadans Holding B.V., a company registered in the Netherlands. The parent company of Kadans Holding B.V. is Life Science One B.V., a company also registered in the Netherlands and is the head of the smallest group in which the results of the company for the year ended 31 December 2022 are consolidated. The registered office of Kadans Holding B.V. and Life Science One B.V. is Rijksweg 5, Haaren, 5076 PB, Netherlands. The consolidated accounts of Life Science One B.V. are available to the public and may be obtained from the company's registered office address.

The ultimate controlling undertaking is AXA SA, a company registered in France, and the head of the largest group in which the company's financial information is consolidated. The consolidated accounts of AXA SA are available to the public via its website at www.axa.com.

29. Subsequent events

In February 2023, the company acquired the entire share capital of Kadans Science Partner 15 UK Limited for consideration of £146,527 from Kadans Science Partner UK Holding Limited, an entity under common control. In February 2023, the group also received £31.5m of additional financing from HSBC to fund the development of the investment property in Kadans Science Partner 15 UK Limited.