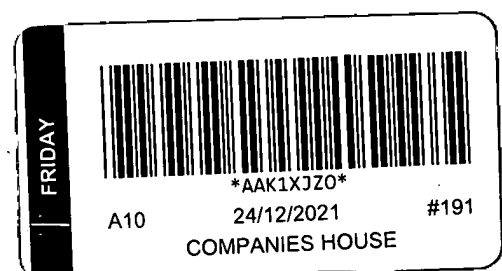


Registered number: 04344952

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021



UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Mr Andrew Keeble
Mr Owen Bryn Morris
Mr William Hornby Gore
Mr Philip Tolhurst
Mr Paul Barry Excell
Mr Simon Andrew Dalton Hall (appointed 29 September 2020)
Mrs Kathryn Mary Harrison-Thomas (appointed 7 October 2020)
Mr Christopher Peter Alan Oldham (appointed 28 October 2020)
Mr Robert James Ramon Singh (appointed 28 October 2020)

Company secretary

Mr Richard Fern

Registered number

04344952

Registered office

University of Essex
Wivenhoe Park
Colchester
Essex
CO4 3SQ

Independent auditor

KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Bankers

Lloyds TSB
27 High Street
Colchester
Essex
CO1 1DU

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

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UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

The directors present their report and the financial statements for the year ended 31 July 2021.

Directors' responsibilities statement

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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors

The directors who served during the year were:

Mr Andrew Keeble
Mr Owen Bryn Morris
Mr William Hornby Gore
Mr Philip Tolhurst
Mr Paul Barry Excell
Mr Simon Andrew Dalton Hall (appointed 29 September 2020)
Mrs Kathryn Mary Harrison-Thomas (appointed 7 October 2020)
Mr Christopher Peter Alan Oldham (appointed 28 October 2020)
Mr Robert James Ramon Singh (appointed 28 October 2020)

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

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.


Auditor

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

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 and signed on its behalf.



Mr Owen Bryn Morris
Director

Date: 16/12/2021

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

Opinion

We have audited the financial statements of University of Essex Knowledge Gateway Holdings Limited ("the company") for the year ended 31 July 2021, which comprise the Statement of Comprehensive Income, Balance Sheet, and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in on page 2 of the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the Group Audit and Risk Management Committee, as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Group Board meeting minutes and Group Audit and Risk Management Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships or transactions.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition on the basis of immateriality and the simple nature of how revenue is received. We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of Group-wide fraud risk management controls.

We performed procedures including:

- Reviewing all journals posted across period 1-12, and those posted in "period 13" comparing the identified entries to supporting documentation via related substantive procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, distributable profits and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on the amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Fleur Nieboer (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

17 December 2021

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 £	2020 £
Turnover	4	100,623	100,623
Gross profit		100,623	100,623
Administrative expenses		(17,400)	(16,758)
Operating profit		83,223	83,865
Interest receivable and similar income	7	279	3,588
Profit before tax		83,502	87,453
Tax on profit	8	-	(38,305)
Profit for the financial year		83,502	49,148

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 11 to 20 form part of these financial statements.


UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED
REGISTERED NUMBER: 04344952

BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	11,745,680	11,745,680
Investments	11	28,535,275	19,303,275
		<u>40,280,955</u>	<u>31,048,955</u>
Current assets			
Debtors: amounts falling due after more than one year	12	585,900	599,850
Debtors: amounts falling due within one year	12	288,604	388,325
Cash at bank and in hand	13	14,838	5,219
		<u>889,342</u>	<u>993,394</u>
Creditors: amounts falling due within one year	14	(12,293,371)	(12,380,302)
Net current liabilities		<u>(11,404,029)</u>	<u>(11,386,908)</u>
Total assets less current liabilities		<u>28,876,926</u>	<u>19,662,047</u>
Creditors: amounts falling due after more than one year	15	(4,226,172)	(4,326,795)
Net assets		<u><u>24,650,754</u></u>	<u><u>15,335,252</u></u>
Capital and reserves			
Called up share capital		24,835,277	15,603,277
Profit and loss account		(184,523)	(268,025)
		<u><u>24,650,754</u></u>	<u><u>15,335,252</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



Mr Owen Bryn Morris
Director

Date: 16/12/2021

The notes on pages 11 to 20 form part of these financial statements.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2020	15,603,277	(268,025)	15,335,252
Comprehensive income for the year			
Profit for the year	-	83,502	83,502
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	83,502	83,502
Shares issued during the year	9,232,000	-	9,232,000
At 31 July 2021	24,835,277	(184,523)	24,650,754

The notes on pages 11 to 20 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2019	15,603,277	(153,871)	15,449,406
Comprehensive income for the year			
Profit for the year	-	49,148	49,148
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	49,148	49,148
Gift Aid	-	(201,607)	(201,607)
Gift Aid tax credit	-	38,305	38,305
At 31 July 2020	15,603,277	(268,025)	15,335,252

The notes on pages 11 to 20 form part of these financial statements.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. General information

The principal activity of the company in the year under review was to carry on the business of a property and investment holding company, holding land on behalf of the University of Essex for development on the Knowledge Gateway site. As commercial proposals to develop individual plots are agreed, leases will be granted to the subsidiary company, University of Essex Knowledge Gateway Limited, to enable it to carry out these developments.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is University of Essex, Wivenhoe Park, Colchester, Essex, CO4 3SQ.

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, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in pound sterling.

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 company's accounting policies (see note 3).

In the preparation of the financial statements the company has taken advantage of the disclosure exemptions conferred by section 1.12 of FRS 102.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The company's only cash expenses are annual audit fees. The company holds £374k on deposit with the University on which it can draw at any time. Therefore, notwithstanding the after-effects of the Covid-19 pandemic, the company will have sufficient funds to meet its liabilities as they fall due.

The directors therefore continue to adopt the going concern basis in preparing the annual report and accounts.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.5 Taxation

Tax is recognised in 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 balance sheet date in the countries where the company operates and generates income.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets 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:

Freehold property	- Freehold land is not depreciated
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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 Statement of Comprehensive Income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.8 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.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

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

2.11 Financial instruments

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.11 Financial instruments (continued)

The company only 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 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 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, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Statement of Comprehensive Income.

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 company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company has significant investments in land and fixed asset investments (being shares in its subsidiary company). Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired requiring the book value to be written down to its recoverable amount. Impairments are reversed if the conditions for impairment are no longer present. Evaluating whether an asset is impaired or if impairment should be reversed requires a high degree of judgement and may to a large extent depend upon the selection of key assumptions about the future.

Cashflow and profit and loss forecasts for the subsidiary company's operations are reviewed on a regular basis by the directors to allow them to assess whether the investment in its shares is being held at an appropriate value.

On the date of transition to FRS 102, 31 July 2015, the company elected to use the previous UK GAAP valuation of land as the deemed cost.

4. Turnover

The whole of the turnover is attributable to the release of a proportion of the lease premium received for the University Meadows 2 land during the year. The remainder of the lease premium and associated legal fees are being deferred and released on a straight line basis over the remaining 45 years of the lease.

All turnover arose within the United Kingdom.

5. Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	3,360	2,838

The audit fee for the year ended 31 July 2021 excluding VAT was £2,800 (2020: £2,365).

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

7. Interest receivable

	2021 £	2020 £
Other interest receivable	279	3,588
	279	3,588

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

8. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	-	16,616
Adjustments in respect of previous periods	-	21,689
	<u>-</u>	<u>38,305</u>
Total current tax	<u>-</u>	<u>38,305</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021	2020
	£	£
Profit on ordinary activities before tax	<u>83,502</u>	<u>87,453</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	15,865	16,616
Prior year profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	-	21,689
Effects of:		
Group relief	<u>(15,865)</u>	<u>-</u>
Total tax charge for the year	<u>-</u>	<u>38,305</u>

9. Dividends

	2021	2020
	£	£
Gift Aid Payment	-	201,607
	<u>-</u>	<u>201,607</u>

The company is wholly owned by the University of Essex and aims to pass its taxable profits up to the University as a gift aid payment except where group tax relief is available.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

10. Tangible fixed assets

	Freehold land £
Cost or valuation	
At 1 August 2020	11,745,680
At 31 July 2021	11,745,680
Net book value	
At 31 July 2021	11,745,680
At 31 July 2020	11,745,680

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2020	19,303,275
Additions	9,232,000
At 31 July 2021	28,535,275
Net book value	
At 31 July 2021	28,535,275
At 31 July 2020	19,303,275

12. Debtors

	2021 £	2020 £
Due after more than one year		
Prepayments and accrued income	585,900	599,850
	585,900	599,850
Due within one year		
Amounts owed by group undertakings	274,654	374,375
Prepayments and accrued income	13,950	13,950
	288,604	388,325

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

13. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	14,838	5,219
	<u>14,838</u>	<u>5,219</u>

14. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Accruals and deferred income	102,691	189,622
Share capital treated as debt	12,190,680	12,190,680
	<u>12,293,371</u>	<u>12,380,302</u>

15. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Accruals and deferred income	4,226,172	4,326,795
	<u>4,226,172</u>	<u>4,326,795</u>

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

16. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	14,838	5,219
Financial assets that are debt instruments measured at amortised cost	874,504	988,175
	<u>889,342</u>	<u>993,394</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(16,519,543)	16,707,097

Financial assets measured at fair value through profit or loss comprise the company's cash balance.

Financial assets measured at amortised cost comprise amounts owed by group undertakings and prepayments.

Financial liabilities measured at amortised cost comprise accruals and deferred income and share capital treated as debt.

17. Related party transactions

University of Essex Knowledge Gateway Holdings is wholly owned and controlled by University of Essex. The company has taken advantage of the exemption conferred by section 33.1A of FRS 102 from disclosing related party transactions.

18. Controlling party

In the opinion of the directors, the company's ultimate parent entity and controlling party is the University of Essex, a higher education institution in the United Kingdom. The parent undertaking of the largest and smallest group, which includes the company and for which the group accounts are prepared, is University of Essex. Copies of the group financial statements are available from the Director of Finance, University of Essex, Wivenhoe Park, Colchester, Essex, CO4 3SQ and also on the University of Essex's website.