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**UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2014**

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**UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	Mr Andrew Keeble Mr Owen Bryn Morris Prof Anthony Forster Mr William Hornby Gore Dr Gwynfor Jones Mr Simon Neale Mr Philip Tolhurst (appointed 3 March 2014)
<b>COMPANY SECRETARY</b>	Mr Marc Albano
<b>REGISTERED NUMBER</b>	04392361
<b>REGISTERED OFFICE</b>	University of Essex Wivenhoe Park Colchester Essex CO4 3SQ
<b>INDEPENDENT AUDITOR</b>	KPMG LLP Chartered Accountant and Statutory Auditor 15 Canada Square London E14 5GL
<b>BANKERS</b>	Lloyds TSB 27 High Street Colchester Essex CO1 1DU

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**UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED**

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## UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2014

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The directors present their report and the financial statements for the year ended 31 July 2014.

#### PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was to carry on the business of a property and investment development company for the Knowledge Gateway site as part of the University's wider strategy to create a knowledge centre of excellence through collaborations between businesses and the University.

#### DIRECTORS

The directors who served during the year were:

Mr Andrew Keeble  
Mr Owen Bryn Morris  
Prof Anthony Forster  
Mr William Hornby Gore  
Dr Gwynfor Jones  
Mr Simon Neale  
Mr Philip Tolhurst (appointed 3 March 2014)

#### 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

#### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's strategic objectives focus on the Knowledge Gateway becoming a beacon for innovation, high quality jobs and economic growth, creating successful collaborations between businesses and the University. Development on the site will express the University's strengths and research excellence, enabling it to become recognised as a world leader in quantitative methods and big data analytics and a national centre of excellence for the development of high growth knowledge based small and medium businesses.

A number of developments on or adjacent to the Knowledge Gateway are either complete or in hand. In early 2013, the final elements of the infrastructure project at a cost of £7.9m were put in place. This work has always been seen as a critical element in determining the medium term prospects for the site. The benefit of this investment by the University rapidly became apparent as Uliving, the University's chosen accommodation partner, commenced construction of 648 new student bedrooms on the Meadows site. Without the infrastructure investment, construction of the Meadows would have been problematic. The accommodation became available to students at the start of the 2013-14 academic year. Construction of the new £21m carbon

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## UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2014

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neutral building for the Essex Business School, sited immediately adjacent to the Knowledge Gateway, commenced early in 2013 and completion is scheduled for late 2014. The new building will be a much needed catalyst for further development across the Knowledge Gateway site, making it an attractive location for organisations wishing to be associated with the University.

Completion of the first commercial buildings, comprising Phase 1 of the Parkside Office Village on the Knowledge Gateway site, was achieved on 3 June 2014. The company funded the development primarily through an interest free loan of £2,400,000 from the South Essex Local Enterprise Partnership's Growing Places fund. The development consists of 9 units of varying sizes totalling 14,800sq ft of net lettable space, for which an active marketing campaign is in place to secure tenants. Given the present economic climate, the intention is for the company to let the Parkside units to tenants on a short term basis rather than seeking to dispose of a long lease of the completed development to a commercial investor.

In February 2013, Essex County Council agreed to the release of ninety per cent of the bond put in place as part of the infrastructure project, having confirmed its satisfaction with the highways work. Essex County Council have also now confirmed that all remedial works on the Knowledge Gateway Infrastructure are completed to their satisfaction therefore the remainder of the bond should be released imminently.

Pre-trading expenditure by the company has caused it to be loss-making in the current and previous year. In December 2012, University of Essex Knowledge Gateway Holdings Limited, the company's immediate parent, purchased 150,000 ordinary £1 shares in the company in order to enable it to cover such pre-trading expenditure. In July 2014, it purchased a further 4,671,000 ordinary £1 shares to allow the company to fund additional capital projects related to the Parkside Office Village as well as continuing working capital requirements. University of Essex Knowledge Gateway Holdings' acquisition of these shares has in turn been financed through shares issues to the University, as the company's immediate parent, of 4,671,000 ordinary £1 shares in the current year and 150,000 ordinary £1 shares in the previous year. By this mechanism, the University of Essex, as the ultimate parent and controlling entity, is able to ensure the company has sufficient cash to meet its obligations.

#### GOING CONCERN

The new strategy for the site is both ambitious and exciting and it is pleasing that after a long period of waiting the first commercial development has been completed. The University, as the company's ultimate parent entity and controlling party, is aware that the company will continue to incur costs and fees during the current year, until it has secured tenants for all units, and has therefore issued a letter confirming it will provide financial support to ensure that the company will be able to meet its liabilities as they fall due for a period not less than one year after the signing of the accounts. Should the need arise, the University will provide cash to cover short-term liabilities. There are no bank loans. Accordingly, the directors are confident that the business can continue to operate successfully for the foreseeable future. This confidence is bolstered by the prospect of the company receiving a modest level of rental income over the ensuing years once commercial tenants have been secured.

#### RESULTS AND DIVIDENDS

The loss for the year amounted to £52,614 (2013: £22,549). The directors have not recommended a dividend in the current or prior year.

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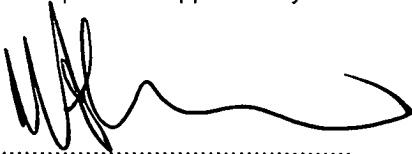
UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JULY 2014**

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



.....  
**Mr Marc Albano**  
Secretary

Date: 09 December 2014

University of Essex  
Wivenhoe Park  
Colchester  
Essex  
CO4 3SQ

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**UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND  
THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

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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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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## UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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

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We have audited the financial statements of University of Essex Knowledge Gateway Limited for the year ended 31 July 2014, set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



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UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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

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*Fleur Nieboer*

Fleur Nieboer (Senior Statutory Auditor)  
for and on behalf of  
**KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

*17 December 2014*

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UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2014

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	Note	2014 £	2013 £
Administrative expenses		(56,042)	(26,165)
<b>OPERATING LOSS</b>	2	(56,042)	(26,165)
Interest receivable and similar income		3,428	4,647
Interest payable to University of Essex	4	-	(1,031)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(52,614)	(22,549)
Tax on loss on ordinary activities		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	(52,614)	(22,549)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 9 to 13 form part of these financial statements.

**UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED**  
**REGISTERED NUMBER: 04392361**

**BALANCE SHEET**  
**AS AT 31 JULY 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	5		2,530,376		249,244
<b>CURRENT ASSETS</b>					
Debtors	6	4,208,920		1,255,463	
Cash at bank		428,914		80,867	
		<u>4,637,834</u>		<u>1,336,330</u>	
<b>CREDITORS:</b> amounts falling due within one year	7	(66,354)		(252,104)	
<b>NET CURRENT ASSETS</b>			<u>4,571,480</u>		<u>1,084,226</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,101,856</u>		<u>1,333,470</u>
<b>CREDITORS:</b> amounts falling due after more than one year	8		<u>(2,400,000)</u>		<u>(1,250,000)</u>
<b>NET ASSETS</b>			<u><u>4,701,856</u></u>		<u><u>83,470</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		5,171,002		500,002
Profit and loss account	10		(469,146)		(416,532)
<b>SHAREHOLDERS' FUNDS</b>	11		<u><u>4,701,856</u></u>		<u><u>83,470</u></u>

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

*Andrew Keeble*

.....  
**Mr Andrew Keeble**  
 Director

Date: 09 December 2014

*Simon Neale*

.....  
**Mr Simon Neale**  
 Director

Date: 09 December 2014

The notes on pages 9 to 13 form part of these financial statements.

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## UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Completion of the first commercial buildings, comprising Phase 1 of the Parkside Office Village on the Knowledge Gateway site, was achieved on 3 June 2014. The company funded the development primarily through a loan of £2,400,000 from the South Essex Local Enterprise Partnership's Growing Places fund. The development consists of 9 units of varying sizes totalling 14,800sq ft of net lettable space, for which an active marketing campaign is in place to secure tenants. Given the present economic climate, the intention is for the company to let the Parkside units to tenants on a short term basis rather than seeking to dispose of a long lease of the completed development to a commercial investor.

In February 2013, Essex County Council agreed to the release of ninety per cent of the bond put in place as part of the infrastructure project, having confirmed its satisfaction with the highways work. Essex County Council have also now confirmed that all remedial works on the Knowledge Gateway Infrastructure are completed to their satisfaction therefore the remainder of the bond should be released imminently.

The University, as the company's ultimate parent entity and controlling party, is aware that the company will continue to incur costs and fees during the current year, until it has secured tenants for all units, and has therefore issued a letter confirming it will provide financial support to ensure that the company will be able to meet its liabilities as they fall due for a period not less than one year after the signing of the accounts. There are no bank loans and there is sufficient cash to cover known liabilities.

Accordingly, the directors believe that the business can continue to operate successfully for the foreseeable future.

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Assets in the course of construction	-	No depreciation is charged on assets in the course of construction

Where any asset is depreciated, no charge is made to the Profit and Loss Account in the year of acquisition. However, in the year of disposal, a full year charge is made regardless of the timing of disposal.

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UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

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1. ACCOUNTING POLICIES (continued)

1.4 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

2. OPERATING LOSS

The operating loss is stated after charging:

	2014 £	2013 £
Auditor's remuneration	3,000	2,860

3. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2013 - £NIL).

4. INTEREST PAYABLE

	2014 £	2013 £
On loans from group undertakings	-	1,031

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**UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

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**5. TANGIBLE FIXED ASSETS**

	Freehold property £	Assets in the course of construction £	Total £
<b>Cost</b>			
At 1 August 2013	-	249,244	249,244
Additions	-	2,281,132	2,281,132
Transfer between classes	2,530,376	(2,530,376)	-
	<u>2,530,376</u>	<u>-</u>	<u>2,530,376</u>
At 31 July 2014	<u>2,530,376</u>	<u>-</u>	<u>2,530,376</u>
<b>Depreciation</b>			
At 1 August 2013 and 31 July 2014	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
At 31 July 2014	<u>2,530,376</u>	<u>-</u>	<u>2,530,376</u>
At 31 July 2013	<u>-</u>	<u>249,244</u>	<u>249,244</u>

**6. DEBTORS**

	2014 £	2013 £
Amounts owed by group undertakings	4,206,319	1,254,488
Other debtors	2,601	975
	<u>4,208,920</u>	<u>1,255,463</u>

Amounts owed by group undertakings represent funds which were deposited with University of Essex.

**7. CREDITORS:  
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	59,132	-
Amounts owed to group undertakings	2,222	249,244
Accruals and deferred income	5,000	2,860
	<u>66,354</u>	<u>252,104</u>

Amounts owed to group undertakings relate to operational costs incurred on the Parkside Office Village in the current year and assets in the course of construction in the previous year.

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**UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

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**8. CREDITORS:**

**Amounts falling due after more than one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other loans	<b>2,400,000</b>	<b>1,250,000</b>

The loan of £2,400,000 from the South East Local Enterprise Partnership is repayable in full in September 2015. The first instalment of £1,250,000 was received in April 2013.

**9. SHARE CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
5,171,002 (2013 - 500,002) Ordinary Shares shares of £1 each	<b>5,171,002</b>	<b>500,002</b>

On 30 July 2014, the directors resolved to issue 4,671,000 ordinary shares of £1 each to the immediate parent entity, University of Essex Knowledge Gateway Holdings Limited.

**10. RESERVES**

	<b>Profit and loss account £</b>
At 1 August 2013	<b>(416,532)</b>
Loss for the financial year	<b>(52,614)</b>
At 31 July 2014	<b>(469,146)</b>

**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds/(deficit)	<b>83,470</b>	<b>(43,981)</b>
Loss for the financial year	<b>(52,614)</b>	<b>(22,549)</b>
Shares issued during the year	<b>4,671,000</b>	<b>150,000</b>
Closing shareholders' funds	<b>4,701,856</b>	<b>83,470</b>

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UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

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**12. Taxation on loss on ordinary activities**

	2014 £	2013 £
Loss on ordinary activities before taxation	(52,614)	(22,549)
Current tax credit at 22.3% (2013: 23.6%)	(11,733)	(5,322)
Effects of:		
Group relief surrendered for no consideration	-	-
Unutilised tax losses	11,733	5,322
Total current tax	-	-

During the year the main rate of corporation tax reduced from 23% to 21% with effect from 1 April 2014. In addition, reductions in the rate to 20% from 1 April 2015 were substantively enacted on 2 July 2013.

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised at a rate of 20% (2013 - 20%) is £73,179 (2013 - £62,656). The asset would be recovered if sufficient suitable taxable profits were to arise in future periods.

**13. RELATED PARTY TRANSACTIONS**

University of Essex Knowledge Gateway Limited is wholly owned by University of Essex Knowledge Gateway Holdings Limited, which itself is wholly owned and controlled by University of Essex. The company has taken advantage of the exemption conferred by FRS 8 from disclosing related party transactions between group members on the basis that the consolidated financial statements in which the company is included are publically available.

During the year, University of Essex Knowledge Gateway Limited paid £25,263 for consultancy fees to Corptec Limited which is owned by Dr Gwynfor Jones, a director of this company.

**14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

In the opinion of the directors, the company's ultimate parent entity and ultimate 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 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.