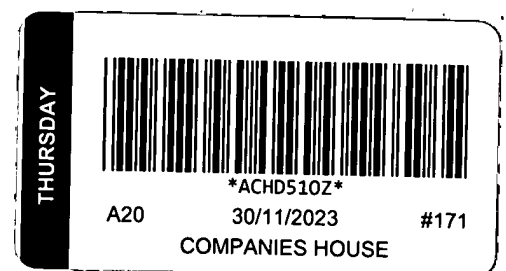

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023



UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

COMPANY INFORMATION

Directors

Mr Andrew Keeble
Mr Owen Bryn Morris (resigned 31 December 2022)
Mr William Hornby Gore (deceased, removed from Directorship on 20 October 2023)
Mr Philip John Tolhurst
Mr Paul Barry Excell (resigned 1 December 2022)
Mr Simon Andrew Dalton Hall
Mr Christopher Peter Alan Oldham
Mr Robert James Ramon Singh
Mrs Mickola Rosemary Wilson (appointed 1 August 2023)

Company secretary

Mr Richard Andrew Fern

Registered number

04392361

Registered office

University of Essex
Wivenhoe Park
Colchester
Essex
CO4 3SQ

Independent auditor

BDO LLP
Chartered Accountants
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Bankers

Lloyds TSB
27 High Street
Colchester
Essex
CO1 1DU

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditor's Report	3 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9 - 10
Notes to the Financial Statements	11 - 21

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023**

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

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practise (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023**

Directors

The directors who served during the year were:

Mr Andrew Keeble
Mr Owen Bryn Morris (resigned 31 December 2022)
Mr William Hornby Gore (deceased, removed from Directorship on 20 October 2023)
Mr Philip John Tolhurst
Mr Paul Barry Excell (resigned 1 December 2022)
Mr Simon Andrew Dalton Hall
Mr Christopher Peter Alan Oldham
Mr Robert James Ramon Singh

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.

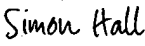
Auditor

The auditor, BDO LLP, has been appointed in accordance with section 485 of the Companies Act 2006 for this financial year.

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.

DocuSigned by:

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Mr Simon Andrew Dalton Hall
Director

Date: 17 November 2023

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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

Opinion on the 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of University of Essex Knowledge Gateway Limited ("the Company") for the year ended 31 July 2023, which comprise Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity 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 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 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 responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report, Report of the Directors, 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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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

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 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, 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' exemptions 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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:

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the sector in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's and Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006, Corporate and VAT legislation, Employment Taxes, and the Bribery Act 2010.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud.

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group and Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Considered management's incentives and opportunities for fraudulent manipulation of the financial statements;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition, posting inappropriate journal entries to manipulate financial results and management bias in significant judgements and accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of income transactions throughout the year, and around the year end to ensure that income recognition is in accordance with the Financial Reporting Standard (FRS 102) and stated accounting policies;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

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

supporting documentation;

- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted by individuals outside of their expected job roles, and others deemed unusual based on our expectations;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Challenging assumptions made by management in their significant accounting estimates, in particular those in relation to the valuation of fixed assets, the useful economic lives of fixed assets and the recoverability of trade and other debtors; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.

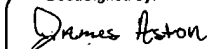
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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James Aston MBE (Senior Statutory Auditor)

for and on behalf of

BDO LLP

Chartered Accountants

2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Date: 24 November 2023

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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023**

	Note	2023 £	2022 £
Turnover	4	4,876,785	1,401,737
Gross profit		4,876,785	1,401,737
Administrative expenses		(976,701)	(847,999)
Operating profit		3,900,084	553,738
Interest receivable and similar income	7	366,658	27,196
Profit for the financial year		4,266,742	580,934

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022: £NIL).

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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED
REGISTERED NUMBER: 04392361

BALANCE SHEET
AS AT 31 JULY 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	29,397,642	22,707,960
		<u>29,397,642</u>	<u>22,707,960</u>
Current assets			
Debtors: amounts falling due after more than one year	11	812,631	-
Debtors: amounts falling due within one year	11	9,202,525	10,950,300
Cash at bank and in hand	12	156,868	24,494
		<u>10,172,024</u>	<u>10,974,794</u>
Creditors: amounts falling due within one year	13	(1,891,724)	(789,319)
Net current assets		<u>8,280,300</u>	<u>10,185,475</u>
Total assets less current liabilities		<u>37,677,942</u>	<u>32,893,435</u>
Creditors: amounts falling due after more than one year	14	(889,520)	-
Net assets		<u><u>36,788,422</u></u>	<u><u>32,893,435</u></u>
Capital and reserves			
Called up share capital		28,885,277	28,885,277
Profit and loss account		7,903,145	4,008,158
		<u><u>36,788,422</u></u>	<u><u>32,893,435</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 on 17 November 2023.

DocuSigned by:

Simon Hall

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Mr Simon Andrew Dalton Hall
 Director

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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2022	28,885,277	4,008,158	32,893,435
Comprehensive income for the year			
Profit for the year	-	4,266,742	4,266,742
Total comprehensive income for the year	-	4,266,742	4,266,742
Gift Aid	-	(371,755)	(371,755)
Total transactions with owners	-	(371,755)	(371,755)
At 31 July 2023	28,885,277	7,903,145	36,788,422

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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2021	28,885,277	3,427,224	32,312,501
Comprehensive income for the year			
Profit for the year	-	580,934	580,934
Total comprehensive income for the year	-	580,934	580,934
Total transactions with owners	-	-	-
At 31 July 2022	28,885,277	4,008,158	32,893,435

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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

1. General information

The principal activity of the company in the year under review was the operation of a research and business park. Construction of Phase 3 of the Parkside site is ongoing with expected completion in November 2023.

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 judgement 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 directors have prepared a financial plan, including cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, notwithstanding the after-effects of the Covid-19 pandemic, the company will have sufficient funds to meet its liabilities as they fall due for that period.

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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

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:

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 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)**2.4 Tangible fixed assets (continued)**

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	-	2%
L/Term Leasehold Property	-	2%
Fixtures and fittings	-	5%

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 profit or loss.

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 the disposal.

No depreciation is charged on assets in the course of construction.

2.5 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.

2.6 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.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)**2.7 Financial instruments**

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.

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.

2.8 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.

2.9 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.10 Interest income

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

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 annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually and amended when necessary. See note 10 for the carrying amount of the property, plant and equipment, and note 2.4 for the useful economic lives for each class of asset.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtor and historical experience.

The company has significant investments in property, plant and equipment. 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 company's operations are reviewed on a regular basis by the directors to allow them to assess whether the freehold property 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

All turnover arose within the United Kingdom.

Turnover in the year includes £4,310,672 (2022: £689,328) grant from The South East Local Enterprise Partnership (SELEP) in relation to the on-going development of Phase 3 of the Parkside site. The total SELEP grant awarded for this development is £5m, which is fully received in the 2022/23 financial year.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

5. Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	7,600	5,400
Fees payable to the company's auditor and its associates in respect of:		
External review of service charge accounts	-	5,400
	-	5,400

The external review of the service charge accounts is not undertaken by the company's auditors as the contract was awarded to a different provider in 2022/23.

6. Employees

The Company has no employees. Directors of the Company did not receive any remuneration in the financial year (2022: £Nil).

7. Interest receivable

	2023 £	2022 £
Interest receivable from group companies	365,243	27,196
Other interest receivable	1,415	-
	366,658	27,196

Interest receivable from group companies represents interest earned on funds deposited with the University of Essex. The significant increase compared to 2022 is due to increase in interest rates.

8. Taxation

	2023 £	2022 £
Corporation Tax		
Total current tax	-	-

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is in line with the new corporation tax regime effective from 1 April 2023. The corporation tax rate used for 1 August 2022 to 31 March 2023 period was 19% and for 1 April 2023 to 31 July 2023 period was 25%. Therefore the effective tax rate for the year was 21.01% (2022 - standard tax rate 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	4,266,742	580,934
Profit on ordinary activities multiplied by the effective rate of corporation tax of 21.01% (2022 - 19%)	896,251	110,377
Effects of:		
Expenses not deductible for tax purposes; other than goodwill amortisation and impairment	87,316	-
Non-taxable income (SELEP grant)	(905,478)	-
Group relief	-	(110,377)
Tax credit on Gift Aid payment	(78,089)	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Gift Aid

	2023 £	2022 £
Gift Aid Payment	371,755	-
	371,755	-

The company is wholly owned by one of the University of Essex's holding subsidiaries, the University of Essex Knowledge Gateway Holdings Ltd.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

10. Tangible fixed assets

	Freehold property £	L/Term Leasehold Property £	Fixtures and fittings £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 August 2022	20,434,031	375,000	295,353	3,169,927	24,274,311
Additions	(753)	514,520	(3,076)	6,594,674	7,105,365
Transfers between classes	269,991	-	-	(269,991)	-
At 31 July 2023	20,703,269	889,520	292,277	9,494,610	31,379,676
Depreciation					
At 1 August 2022	1,515,132	-	51,219	-	1,566,351
Charge for the year on owned assets	404,659	-	11,024	-	415,683
At 31 July 2023	1,919,791	-	62,243	-	1,982,034
Net book value					
At 31 July 2023	18,783,478	889,520	230,034	9,494,610	29,397,642
At 31 July 2022	18,918,899	375,000	244,134	3,169,927	22,707,960

Long term leasehold property represents land of £889,520 (2022: £375,000) which is not depreciated. As commercial proposals to develop individual plots are agreed, the company's parent company; University of Essex Knowledge Gateway Holdings Limited, grants headleases to the company to enable it to carry out these developments. The headlease are for a 125 year period. The negative additions in the year were due to adjustments made to addition accruals relating to prior years.

11. Debtors

	2023 £	2022 £
Due after more than one year		
Amounts owed by group undertakings	812,631	-
	<u>812,631</u>	<u>-</u>

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

11. Debtors (continued)

Amounts owed by group undertakings represent the prepaid lease premium for the land leased from the company's parent, the University of Essex Knowledge Gateway Holdings Ltd (125 years lease term).

	2023 £	2022 £
Due within one year		
Trade debtors	32,999	39,810
Amounts owed by group undertakings	8,349,294	10,586,815
Prepayments and accrued income	820,232	323,675
	<u>9,202,525</u>	<u>10,950,300</u>

Amounts owed by group undertakings includes funds which were deposited with University of Essex of £8,342k (2022: £10,586k).

12. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	156,868	24,494
	<u>156,868</u>	<u>24,494</u>

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	718,320	12,536
Amounts owed to group undertakings	887,797	-
Other creditors	25,781	14,774
Accruals and deferred income	259,826	762,009
	<u>1,891,724</u>	<u>789,319</u>

Amounts owed by group undertakings includes lease premiums due to University of Essex Knowledge Gateway Holdings Ltd for lands leased not yet invoiced (£516,043) and gift aid accrual payable to the University of Essex of £371,755.

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

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

	2023 £	2022 £
Amounts owed to group undertakings	889,520	-
	<u>889,520</u>	<u>-</u>

Amounts owed to group undertaking represents the leased land liability of £889,520 relating to the three headlease awarded to the company by its parent undertaking, the University of Essex Knowledge Gateway Holdings Ltd, for developing the business and research park.

15. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at fair value through profit or loss	156,868	24,494
Financial assets that are debt instruments, measured at amortised cost	10,016,085	10,970,751
	<u>10,172,953</u>	<u>10,995,245</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(2,781,243)</u>	<u>(789,320)</u>
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Financial assets measured at fair value through profit or loss comprise the company's cash balances.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and prepayments and accrued income.

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

UNIVERSITY OF ESSEX KNOWLEDGE GATEWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

16. Capital commitments

At 31 July 2023 the company had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in these financial statements	2,071,136	1,839,000
	<u>2,071,136</u>	<u>1,839,000</u>

The construction of Parkside Phase 3 has started in 2021-22 financial year and was ongoing in the reporting year, with practical completion expected in October 2023. The total project costs is estimated at £13,865k, of which £5,000k is funded by the SELEP grant.

17. 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 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 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 the 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.