

Kadans Science Partner 1 UK Limited

Directors' Report and Unaudited

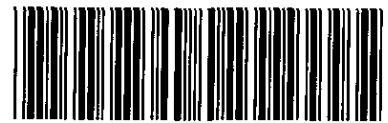
Financial Statements

Year Ended

31 December 2020

Company Number 11757995

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Kadans Science Partner 1 UK Limited

Company Information

Directors	S J Ribbens Kadans Holding B.V. Kadans Science Partner UK Limited
Registered number	11757995
Registered office	1 St. James Court Whitefriars Norwich Norfolk NR3 1RU

Kadans Science Partner 1 UK Limited

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Kadans Science Partner 1 UK Limited

Directors' Report For the Year Ended 31 December 2020

The directors present their report together with the unaudited financial statements for the year ended 31 December 2020.

The comparative information within these financial statements covers the period from the company's incorporation on 9 January 2019 to 31 December 2019.

Principal activity

Kadans activities consist of the development of, investment in, and managing of science parks combining offices with laboratories and other R&D facilities for companies in innovative sectors.

Going concern

The financial statements of the company have been prepared on the basis of the going concern assumption. The directors are of the opinion that the use of this assumption is appropriate since the Covid-19 pandemic has not notably affected the company's business activity and results in 2020 (or thereafter) and the company is well positioned in terms of its balance sheet strength, liquidity, tenant base and portfolio diversification in order to cope with this crisis and the associated volatile macroeconomic and finance climate.

Directors

The directors who served during the year were:

S J Ribbens
Kadans Holding B.V.

Subsequent to the end of the financial year, Kadans Science Partner UK Limited was appointed as a director on 12 May 2021.

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

This report was approved by the board on 16 August 2021 and signed on its behalf.

S J Ribbens
Director

Kadans Science Partner 1 UK Limited

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Turnover		1,334,551	969,262
Cost of sales		(371,344)	(283,745)
Gross profit		963,207	685,517
Administrative expenses		(58,347)	(90,299)
Change in fair value of investment property	7	2,340,000	(1,811,168)
Operating profit/(loss)		3,244,860	(1,215,950)
Interest receivable and similar income		-	365
Interest payable and expenses	5	(1,839,368)	(1,314,810)
Profit/(loss) before tax		1,405,492	(2,530,395)
Tax on profit/(loss)	6	(82,940)	(22,799)
Profit/(loss) for the financial period		1,322,552	(2,553,194)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		1,322,552	(2,553,194)

The notes on pages 5 to 14 form part of these financial statements.

Kadans Science Partner 1 UK Limited

Registered number: 11757995

Statement of Financial Position As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investment property	7		23,012,917		20,660,000
Current assets					
Debtors: amounts falling due within one year	8	685,022		267,401	
Cash at bank and in hand		1,251		11,131	
		<u>686,273</u>		<u>278,532</u>	
Creditors: amounts falling due within one year	9	(573,556)		(458,646)	
Net current assets/(liabilities)			<u>112,717</u>		<u>(180,114)</u>
Total assets less current liabilities			<u>23,125,634</u>		<u>20,479,886</u>
Creditors: amounts falling due after more than one year	10		(24,255,797)		(23,033,079)
Provisions for liabilities					
Deferred tax	12		(100,478)		-
Net liabilities			<u>(1,230,641)</u>		<u>(2,553,193)</u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		(1,230,642)		(2,553,194)
Total equity			<u>(1,230,641)</u>		<u>(2,553,193)</u>

The directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 August 2021

S J Ribbens
Director

The notes on pages 5 to 14 form part of these financial statements.

Kadans Science Partner 1 UK Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	1	(2,553,194)	(2,553,193)
Comprehensive income for the year			
Profit for the year	-	1,322,552	1,322,552
Total comprehensive income for the year	-	1,322,552	1,322,552
At 31 December 2020	1	(1,230,642)	(1,230,641)

Statement of Changes in Equity For the Period Ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 9 January 2019	-	-	-
Comprehensive loss for the period			
Loss for the period	-	(2,553,194)	(2,553,194)
Total comprehensive loss for the period	-	(2,553,194)	(2,553,194)
Shares issued during the period	1	-	1
At 31 December 2019	1	(2,553,194)	(2,553,193)

The notes on pages 5 to 14 form part of these financial statements.

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Kadans Science Partner 1 UK Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements of the company have been prepared on the basis of the going concern assumption. The directors are of the opinion that the use of this assumption is appropriate since the Covid-19 pandemic has not notably affected the company's business activity and results in 2020 (or thereafter) and the company is well positioned in terms of its balance sheet strength, liquidity, tenant base and portfolio diversification in order to cope with this crisis and the associated volatile macroeconomic and finance climate.

Although the equity of the company is negative, the company has sufficient liquidity available from existing facilities and cash flows to continue the business. The negative equity is mainly caused by the annual interest on shareholder loans (paid-in-kind) which does not involve an outgoing cash flow. The company's operating cash flow is positive. Furthermore, the company is financed by its shareholder with long-term loans to which no repayment is due ahead of maturity in 2024. The directors are therefore of the opinion that the company will be able to satisfy its liabilities as they fall due for at least the next 12 months.

2.3 Turnover

Turnover is recognised at fair value of the consideration received or receivable for the sale of goods and added services to external customers in the ordinary course of business. Turnover is shown net of Value Added Tax.

Turnover comprises rents receivable on the company's investment properties, which is measured on a straight line basis, taking account of any lease incentives over the lease term.

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.5 Investment property

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

Properties under construction are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available without undue costs or effort. Changes in fair value are recognised in profit or loss.

2.6 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, and loans to and from related parties.

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 reporting date.

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

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.7 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.

2.8 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.

2.9 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.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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

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

The accounting policies which in the opinion of management are the most critical for the purpose of presenting the financial position and require estimates and assumptions are those in respect of investment property valuation. Further details are provided in note 7.

4. Employees

The company has no employees.

During the current and preceding period, no directors received any emoluments from the company.

5. Interest payable and similar expenses

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Bank interest payable	141	39
Loan from parent company	381,857	287,129
Amortisation of loan issue costs	39,342	29,506
Shareholder loans	1,418,028	998,136
	<u>1,839,368</u>	<u>1,314,810</u>

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

6. Taxation

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Corporation tax		
Current tax on result for the year	5,261	22,799
Adjustments in respect of previous periods	(22,799)	-
Total current tax	(17,538)	22,799
Deferred tax		
Origination and reversal of timing differences	100,478	-
Taxation on profit/(loss) on ordinary activities	82,940	22,799

Factors affecting tax charge for the year/period

The tax assessed for the year/period is varies from the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Profit/(loss) on ordinary activities before tax	1,405,492	(2,530,395)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	267,043	(480,775)
Effects of:		
Fixed asset differences	(344,121)	344,122
Expenses not deductible for tax purposes	269,425	201,330
Capital allowances for year/period in excess of depreciation	(17,304)	(28,113)
Group relief	-	(13,765)
Tax losses utilised	(69,304)	-
Adjustments in respect of previous periods	(22,799)	-
Total tax charge for the year/period	82,940	22,799

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

6. Taxation (continued)

Factors that may affect future tax charges

A change in the main UK corporation tax rate was announced in the Budget on 3 March 2021, but as this new law was enacted after the reporting date its effects are not included in these financial statements. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the company's future tax liabilities accordingly.

7. Investment property

	Leasehold investment property £
Valuation	
At 1 January 2020	20,660,000
Additions at cost	12,917
Surplus on revaluation	2,340,000
At 31 December 2020	23,012,917

The historical cost of the investment property is £22,484,085 (2019 - £22,471,168).

The investment property is held at fair value as at 31 December 2020 based on internal valuations performed by suitably qualified individuals and approved by directors. In undertaking these valuations, the internal valuer has reference to the valuations that were undertaken by an independent expert in October 2020.

The investment property was valued using a yield methodology approach with certain unobservable inputs. The significant unobservable inputs used in the valuation at 31 December 2020 were the estimated rental value (ERV) of the properties and the market capitalisation rate (yield). The ERV was by reference to rents currently achieved on existing leases and the rents being asked by landlords advertising properties of a similar specification in that geographical region. The yield was determined by reference to evidence derived from comparable market transactions. A decrease in the ERV or an increase in the yield will typically result in a decrease in the fair value of the property.

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	216,026	12,514
Amounts owed by group undertakings	254,234	-
Other debtors	126,833	159,919
Prepayments and accrued income	87,929	94,968
	<u>685,022</u>	<u>267,401</u>

9. Creditors: amounts falling due within one year

	2020 £	2019 £
Loan from parent company	108,562	103,466
Trade creditors	217,527	137,455
Loan from group undertakings	-	26,682
Corporation tax	5,260	22,799
Taxation and social security	85,859	-
Accruals and deferred income	156,348	168,244
	<u>573,556</u>	<u>458,646</u>

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

	2020 £	2019 £
Shareholder loans	13,416,164	11,998,136
Loan from parent company	10,839,633	11,034,943
	<u>24,255,797</u>	<u>23,033,079</u>

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within 1 year		
Loan from parent company	108,562	103,466
Amounts falling due between 1 and 2 years		
Loan from parent company	108,562	103,466
Amounts falling due between 2 and 5 years		
Shareholder loans	13,416,164	11,998,136
Loan from parent company	10,731,071	10,931,477
	24,364,359	23,136,545

The company is party to an agreement with the lender to the immediate parent company to guarantee the bank loans made to that entity. The assets of the company are subject to fixed and floating charges in favour of the lender. At 31 December 2020 these bank loans amounted to £19,299,214 and the loan from parent company represents the onward lending of part of that bank loan to the company.

The loan from parent company does not have any fixed terms of repayment but is due to be called for repayment as the underlying bank loan falls due for repayment. The balance due has therefore been classified as current or non current liabilities in the statement of financial position on this basis. Interest is charged on these amounts at the same rate as charged by the bank, being LIBOR + 2.5%.

OCM Luxembourg EPF IV Kadans Topco S.À.R.L., a shareholder of the wider group, provided the shareholder loans to the company. Interest was payable at a fixed rate of 11.625% per annum during the year and was capable of being rolled up into the loan capital rather than being paid in cash.

On 31 December 2020 the shareholder loans were assigned to Life Science One B.V. when that company acquired the shares of Kadans Holding B.V., an intermediate parent company. From 31 December 2020, the interest rate on these loans is yet to be determined based on transfer pricing analysis. Interest will be payable or accrued on a quarterly basis. No revised amortisation schedule has been agreed upon so the loans currently remain repayable in full on 28 March 2024. No collateral has been provided.

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Deferred taxation

	2020 £
At beginning of year	-
Credited to profit or loss	(100,478)
At end of year	(100,478)

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Investment property valuations	(100,478)	-

13. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

14. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

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

15. Related party transactions

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

Kadans Science Partner 1 UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

16. Ultimate parent undertaking and controlling party

The company's immediate parent company is Kadans Science Partner UK Limited, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by Kadans Science Partner UK Limited. The largest group in which the results of the company for the year ended 31 December 2020 are consolidated is Kadans Holding B.V., a company incorporated in the Netherlands. The consolidated accounts of these companies are available to the public and may be obtained from the company's registered office.

In the opinion of the directors, OCM Luxembourg EPF IV Kadans Topco S.à.r.l was the ultimate controlling party of the company throughout the year. On 31 December 2020, the issued share capital of Kadans Holding B.V. was acquired by Life Science One B.V., a company incorporated in the Netherlands, and the ultimate controlling party changed to AXA SA, a company registered in France. The financial information of the company has been included in the consolidated financial statements of both Life Science One B.V. and AXA SA from this date.