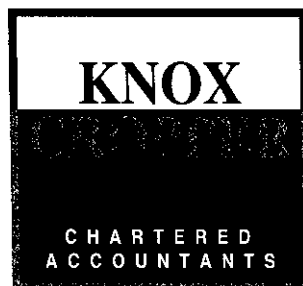


# LONDON METROPOLITAN NETWORK LIMITED

Registration Number : 3913274

REPORT  
AND  
FINANCIAL STATEMENTS  
YEAR ENDED 31ST JULY 2001



**LONDON METROPOLITAN NETWORK LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31ST JULY 2001**

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**LONDON METROPOLITAN NETWORK LIMITED**

**COMPANY INFORMATION**

**Directors at the date of this report:**

Professor Tim O'Shea (Chair of Board)  
Mr. Russell Altendorff  
Mr. Ed Carter  
Ms. Susan Gove  
Mr. Philip Harding  
Mr. Michael Kahn  
Professor Geoff Peters  
Professor Roland Rosner  
Ms. Jean Sykes  
Mr. Michael Stone  
Mr. Geoff Cooper

**Company Secretary at the date of this report:**

Mr. Philip Harding

**Registered Office :**

20 Guilford Street  
London  
WC1N 1DZ

**Auditors :**

Knox Cropper  
16 New Bridge Street  
London  
EC4V 6AX

**Bankers :**

Barclays Bank PLC  
P.O. Box 1006  
Barking  
IG11 8AT

**Solicitors :**

Farrer & Co.  
66 Lincoln's Inn Field,  
London  
WC2A 3LH

**LONDON METROPOLITAN NETWORK LIMITED****DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31st July 2001.

**1. Legal Status**

The company is an incorporated company limited by guarantee with a memorandum and articles of association. The Members of the company are Higher Education Institutions in the Greater London region. The liability of each Member is limited to such amount not exceeding one pound.

**2. Activities**

The principal activity of the company in the period was the provision of network facilities for colleges and universities in London.

**3. Results for the Period**

The result for the year is shown in the Profit and Loss Account on page 6 and the financial position of the company at the year end is shown in the Balance Sheet on page 7.

**4. Directors**

The directors in office during the period and up to the date of this report were as follows :

Professor Tim O'Shea (Chair of Board)

Mr. Russell Altendorff

Mr. Ed Carter

Mr Geoff Cooper

(Appointed 25<sup>th</sup> April 2001)

Ms. Susan Gove

Mr Philip Harding

(Appointed 25<sup>th</sup> April 2001)

Mr. Michael Kahn

Professor Geoff Peters

Professor Roland Rosner

Mr. Michael John Stone

Ms. Jean Sykes

Mr. David Vinograd

(Resigned 25<sup>th</sup> April 2001)

Mr. Peter Wienand

(Appointed 16<sup>th</sup> October 2000,

Resigned 27<sup>th</sup> April 2001)

**LONDON METROPOLITAN NETWORK LIMITED**

**DIRECTORS' REPORT (Continued)**

**5. Review of the Business**

The Directors consider the company's performance for the period and its financial position at the year end to be satisfactory.

During the current Financial Year, a replacement of the LMN Network is in the process of being procured at a capital cost of approximately £2.2 million. This is being funded by the Higher Education Funding Council.

From the 2001/2002 Financial Year London Metropolitan Limited will take full financial and operational responsibility of the network. The recurrent cost for this will be approximately £1.5 million and will be funded by UKERNA.

**6. Auditors**

Knox Cropper have indicated their willingness to continue in office and a resolution to propose their reappointment will be put to the members at the Annual General Meeting.

Approved by the Board of Directors on 21<sup>st</sup> January 2002 and signed on behalf of the Board by:



Philip Harding  
(Secretary)

**LONDON METROPOLITAN NETWORK LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**LONDON METROPOLITAN NETWORK LIMITED**

**AUDITORS' REPORT**

**To the Members of London Metropolitan Network Limited**

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 9.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st July 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Knox Cropper  
16 New Bridge Street  
London EC4V 6AX

  
Chartered Accountants  
Registered Auditors  
21<sup>st</sup> January 2002

**LONDON METROPOLITAN NETWORK LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2001**

	Notes	Year Ended 31 <sup>st</sup> July 2001	Period Ended 31 <sup>st</sup> July 2000 As Restated* £
Turnover	2	181,075	198,000
Administration Expenses		(252,487)	(44,298)
<b>Operating Profit/(Loss)</b>	4	(71,412)	153,702
Interest Receivable and Similar Income	3	3,653	659
<b>Profit/(Loss) on Ordinary Activities before taxation</b>		(67,759)	154,361
Tax on Profit on Ordinary Activities	5	(90)	-
<b>Retained Profit/(Loss) for the Financial Period</b>		(67,849)	154,361
<b>Retained Profit Brought Forward</b>		154,361	-
<b>Retained Profit/(Loss) Carried Forward</b>		£86,512	£154,361

There were no recognised gains or losses other than those shown above. Therefore no separate Statement of Total Recognised Gains and Losses is produced.

All activities reflected above represent continuing operations.

\* The Directors are of the opinion that the distinction between Cost of Sales and Administration Expenses adopted hitherto is of little relevance to the business. All costs are therefore accounted for as Administration Expenses and the corresponding amounts have been re-stated accordingly.



**LONDON METROPOLITAN NETWORK LIMITED****BALANCE SHEET****AS AT 31<sup>ST</sup> JULY 2001**

	Notes	2001		2000	
		£	£	£	£
<b>Fixed Assets</b>	7				
Computer Equipment			362,149		-
<b>Current Assets</b>					
Debtors	8	48,547		72,334	
Cash at Bank and in Hand		178,804		101,540	
		<u>227,351</u>		<u>173,874</u>	
Creditors : Amounts falling due within one year	9	(41,839)		(19,513)	
<b>Net Current Assets</b>			185,512		154,361
Creditors : Amounts falling due after more than one year	10		(461,149)		-
<b>Total Assets Less Liabilities</b>			<u>£86,512</u>		<u>£154,361</u>
<b>Reserves</b>					
Profit and Loss Account			86,512		154,361
<b>Total Funds</b>			<u>£86,512</u>		<u>£154,361</u>

These Financial Statements were approved by the Board of Directors on 21<sup>st</sup> January 2002 and were signed on its behalf by :



Professor Tim O'Shea  
(Director)

**LONDON METROPOLITAN NETWORK LIMITED****CASH FLOW STATEMENT FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2001**

	Notes	Year Ended 31 <sup>st</sup> July 2001		Period Ended 31 <sup>st</sup> July 2000	
		£	£	£	£
<b>Net Cash Inflow from Operating Activities</b>	11		616,880		101,215
<b>Returns on Investments and Servicing of Finance</b>					
Interest Paid			-		-
Interest Received	3		<u>3,698</u>		<u>325</u>
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>			3,698		325
<b>Capital Expenditure</b>					
Additions of Fixed Assets			<u>543,224</u>		<u>-</u>
Net Cash Outflow			(543,224)		-
Taxation Paid			<u>(90)</u>		<u>-</u>
			<u>£ 77,264</u>		<u>£101,540</u>
<b>Increase in Cash in the Period</b>	12		<u>£ 77,264</u>		<u>£101,540</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2001****1. ACCOUNTING POLICIES**

- The Financial Statements have been produced in accordance with applicable accounting standards and have been prepared under the historical cost convention.
- Debtors are stated net of full provision for doubtful items.
- Fixed assets which consist entirely of computer hardware and software are depreciated on a straight line basis over 3 years.
- Grants received to finance the purchase of computer hardware and software are treated as deferred capital grants and amortised to the profit and loss account over a three year period to offset the depreciation charge on the assets acquired. The amortisation of deferred capital grants to the profit and loss account is reflected within turnover.
- Items of income and expenditure are accounted for under the accruals concept.

**2. TURNOVER**

Turnover and profit are attributable to one class of business activity of the company undertaken in the United Kingdom. Turnover consists of:

	<b>Year Ended 31<sup>st</sup> July 2001</b>		<b>Period Ended 31<sup>st</sup> July 2000</b>	
	<b>Turnover</b>	<b>Operating loss</b>	<b>Turnover</b>	<b>Operating Profit</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amortisation of deferred capital grants	181,075	(71,412)	-	-
Membership subscriptions	-	-	198,000	153,702
	<u>£181,075</u>	<u>£(71,412)</u>	<u>£198,000</u>	<u>£153,702</u>

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>Year Ended 31<sup>st</sup> July 2001</b>	<b>Period Ended 31<sup>st</sup> July 2000</b>
	<b>£</b>	<b>£</b>
Accrued Bank Interest Brought Forward	(334)	-
Bank Interest Received	3,698	325
Accrued Bank Interest carried forward	289	334
	<u>£ 3,653</u>	<u>£ 659</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2001 (Continued)****4. OPERATING PROFIT/(LOSS) IS STATED AFTER CHARGING**

	Year Ended 31 <sup>st</sup> July 2001	Period Ended 31 <sup>st</sup> July 2000
Auditors' Remuneration		
Audit	2,500	2,500
Other	-	1,000
Depreciation	<u>181,075</u>	<u>-</u>

**5. TAXATION**

UK Corporation Tax at 20%	-	-
Under provision for preceding year	90	-
	<u>£ 90</u>	<u>£ -</u>

During the preceding accounting period the company traded only with its members. Therefore no tax liability was provided in the accounts.

**6. EMPLOYEES' AND DIRECTORS' REMUNERATION**

The company has no employees. None of the Directors are remunerated for their services. One Director was reimbursed expenses amounting to £104 (2000:£44).

**7. FIXED ASSETS**

	<b>Computer Hardware and Software</b>	
	<b>2001</b>	<b>2000</b>
	£	£
Cost brought forward	-	-
Additions	543,224	-
Cost carried forward	<u>543,224</u>	<u>-</u>
Accumulated depreciation brought forward	-	-
Charge for year	181,075	-
Accumulated depreciation carried forward	<u>181,075</u>	<u>-</u>
Net Book Value 31 <sup>st</sup> July 2001	<u>£ 362,149</u>	<u>£ -</u>

**8. DEBTORS**

	<b>2001</b>	<b>2000</b>
	£	£
Trade Debtors	48,000	72,000
Interest Receivable	289	334
VAT	258	-
	<u>£48,547</u>	<u>£72,334</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2001 (Continued)****9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	£	£
Corporation Tax	-	-
Accruals	41,839	19,513
	<u>£41,839</u>	<u>£19,513</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	-----2001-----			2000
	Subordinated Loans £	Deferred Capital Grant £	Total £	Total £
Balance brought forward	-	-	-	-
Receipts	99,000	543,224	642,224	-
Release to profit and loss account	-	(181,075)	(181,075)	-
	<u>£99,000</u>	<u>£362,149</u>	<u>£461,149</u>	<u>£ -</u>

The subordinated loans are interest free loans of £3,000 per member of the company and they are refundable to members in the event of the company winding up but only after all other creditors have been settled in full.

**11. RECONCILIATION OF PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2001</b>	<b>2000</b>
	£	£
(Loss)/Profit for the Period	(67,759)	154,361
Add: Depreciation charge for the period	181,075	-
Less: Interest receivable	(3,653)	(659)
	<u>109,663</u>	<u>153,702</u>
Decrease/(increase) in trade debtors and VAT recoverable	23,742	(72,000)
Increase in creditors	483,475	19,513
Net cash inflow from operating activities	<u>£616,880</u>	<u>£101,215</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2001 (Continued)****12. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 31<sup>st</sup> July 2000 £</b>	<b>At 31<sup>st</sup> July 2001 £</b>	<b>Cash Inflow £</b>
Cash at Bank and in Hand	101,540	178,804	77,264

	<b>At 20<sup>th</sup> January 2000 £</b>	<b>At 31<sup>st</sup> July 2000 £</b>	<b>Cash Inflow £</b>
Cash at Bank and in Hand	Nil	101,540	101,540