

# LONDON METROPOLITAN NETWORK LIMITED

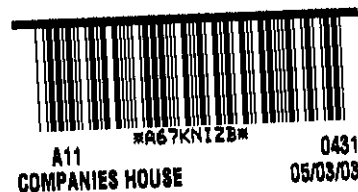
Registration Number : 3913274

REPORT

AND

FINANCIAL STATEMENTS

YEAR ENDED 31<sup>ST</sup> JULY 2002



**LONDON METROPOLITAN NETWORK LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31<sup>ST</sup> JULY 2002**

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**LONDON METROPOLITAN NETWORK LIMITED**

**COMPANY INFORMATION**

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

Professor Rick Trainor (Chair of Board)  
Mr. Russell Altendorff  
Mr. Ed Carter  
Mr. Geoff Cooper  
Ms. Susan Gove  
Mr. Philip Harding  
Mr. Michael Kahn  
Professor Roland Rosner  
Ms. Jean Sykes  
Mr. Michael John Stone

**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 2002.

**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 and Further Education Colleges 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)	(Resigned 30 <sup>th</sup> September 2002)
Professor Rick Trainor (Chair of Board)	(Appointed 17 <sup>th</sup> July 2002)
	(Chair from 1 <sup>st</sup> October 2002)
Mr. Russell Altendorff	
Mr. Ed Carter	
Mr Geoff Cooper	
Ms. Susan Gove	
Mr Philip Harding	
Mr. Michael Kahn	
Professor Geoff Peters	(Resigned 21 <sup>st</sup> January 2002)
Professor Roland Rosner	
Mr. Michael John Stone	
Ms. Jean Sykes	

**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 period London Metropolitan Limited took full financial and operational responsibility of the telecommunications infrastructure of the network. The recurrent cost for this was funded by UKERNA. It also began the process of transferring the operational responsibility for the network from UKERNA to LMN and this will be complete in the 2002/2003 financial year.

The company has taken out Directors and Officers liability insurance at a cost of £1,050 for the year.

**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.

**7. Use of Public Funds**

The Directors confirm that payments received either directly or through UKERNA from the higher and further education funding councils have been applied for the purposes for which they were provided.

Approved by the Board of Directors on 11<sup>th</sup> February 2003 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.

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF LONDON METROPOLITAN NETWORK LIMITED**

We have audited the financial statements of London Metropolitan Network Limited for the year ended 31<sup>st</sup> July 2002 set out on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the financial statements, and consider whether it is consistent with the audited financial statements. This information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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.

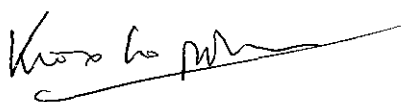
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

16 New Bridge Street  
London EC4V 6AX

11<sup>th</sup> February 2003

  
Knox Cropper  
Chartered Accountants  
Registered Auditors

**LONDON METROPOLITAN NETWORK LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2002**

	Notes	2002 £	2001 £
Turnover	2	1,013,728	181,075
Administration Expenses		(986,331)	(252,487)
<b>Operating Profit/(Loss)</b>	4	27,397	(71,412)
Interest Receivable and Similar Income	3	1,816	3,653
<b>Profit/(Loss) on Ordinary Activities before taxation</b>		29,213	(67,759)
Tax on Profit on Ordinary Activities	5	(121)	(90)
<b>Retained Profit/(Loss) for the Financial Period</b>		29,092	(67,849)
<b>Retained Profit Brought Forward</b>		86,512	154,361
<b>Retained Profit Carried Forward</b>		£115,604	£ 86,512

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 is of little relevance to the business. All costs are therefore accounted for as Administration Expenses.



**LONDON METROPOLITAN NETWORK LIMITED****BALANCE SHEET****AS AT 31<sup>ST</sup> JULY 2002**

	Notes	2002		2001	
		£	£	£	£
<b>Fixed Assets</b>	7				
Computer Equipment			365,304		362,149
<b>Current Assets</b>					
Debtors	8	335,859		48,547	
Cash at Bank and in Hand		175,451		178,804	
		<u>511,310</u>		<u>227,351</u>	
Creditors : Amounts falling due within one year	9	(115,174)		(41,839)	
<b>Net Current Assets</b>			396,136		185,512
Creditors : Amounts falling due after more than one year	10		(645,836)		(461,149)
<b>Total Assets Less Liabilities</b>			<u>£115,604</u>		<u>£ 86,512</u>
<b>Reserves</b>					
Profit and Loss Account			115,604		86,512
<b>Total Funds</b>			<u>£115,604</u>		<u>£ 86,512</u>

These Financial Statements were approved by the Board of Directors on 11<sup>th</sup> February 2003 and were signed on its behalf by:

*Richard H. Fraunor*

~~Professor Tim O'Shea~~  
(Director)

**LONDON METROPOLITAN NETWORK LIMITED****CASH FLOW STATEMENT FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2002**

	Notes	2002		2001	
		£	£	£	£
<b>Net Cash Inflow from Operating Activities</b>	11		271,138		616,880
<b>Returns on Investments and Servicing of Finance</b>					
Interest Received	3	<u>1,854</u>		<u>3,698</u>	
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>			1,854		3,698
<b>Capital Expenditure</b>					
Additions of Fixed Assets		<u>276,345</u>		<u>543,224</u>	
Net Cash Outflow			(276,345)		(543,224)
Taxation Paid			-		(90)
			<u>£ (3,353)</u>		<u>£ 77,264</u>
<b>(Decrease)/Increase in Cash for the Period</b>	12		<u>£ (3,353)</u>		<u>£ 77,264</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2002****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>2002</b>		<b>2001</b>	
	<b>Turnover</b>	<b>Operating Profit</b>	<b>Turnover</b>	<b>Operating Loss</b>
	£	£	£	£
Amortisation of deferred capital grants	262,374	-	181,075	(71,412)
Grant funding	734,333	27,397	-	-
Membership subscriptions	17,021	-	-	-
	<u>£1,013,728</u>	<u>£ 27,397</u>	<u>£181,075</u>	<u>£ (71,412)</u>

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2002</b>	<b>2001</b>
	£	£
Accrued Bank Interest Brought Forward	(289)	(334)
Bank Interest Received	1,854	3,698
Accrued Bank Interest Carried Forward	251	289
	<u>£ 1,816</u>	<u>£ 3,653</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2002 (Continued)****4. OPERATING PROFIT/(LOSS) IS STATED AFTER CHARGING**

	<b>2002</b>	<b>2001</b>
Auditors' Remuneration	£	£
Audit	2,650	2,500
Depreciation	273,190	181,075
	<hr/>	<hr/>

**5. TAXATION**

UK Corporation Tax at 10%	121	-
Under provision for preceding year	-	90
Total Current Charge	121	90
Deferred Taxation Originating from the reversal of Timing Differences	-	-
	<hr/>	<hr/>
	£ 121	£ 90
	<hr/>	<hr/>

## Tax Charge Reconciliation:

Profits on Ordinary Activities before Tax	£ 29,213	£ -
	<hr/>	<hr/>
Profit on Ordinary Activities at the Starting Rate of Corporation Tax, 10% for 8 months and 0% for 4 months (2001: 0%)	1,948	-
Capital Allowances less than Depreciation Charge for Year	17,347	-
Exempt Deferred Capital Grants	(17,492)	-
Utilisation of Tax Losses	(1,682)	-
	<hr/>	<hr/>
	£ 121	£ -
	<hr/>	<hr/>

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

The company has no employees. None of the Directors are remunerated for their services. No Directors were reimbursed expenses (2001:£104).

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2002 (Continued)****7. FIXED ASSETS**

	<b>Computer Hardware and Software</b>	
	<b>2002</b>	<b>2001</b>
	£	£
Cost brought forward	543,224	-
Additions	276,345	543,224
Cost carried forward	<u>819,569</u>	<u>543,224</u>
Accumulated depreciation brought forward	181,075	-
Charge for year	273,190	181,075
Accumulated depreciation carried forward	<u>454,265</u>	<u>181,075</u>
Net Book Value 31 <sup>st</sup> July 2002	<u>£365,304</u>	<u>£362,149</u>

**8. DEBTORS**

	<b>2002</b>	<b>2001</b>
	£	£
Trade Debtors	6,000	48,000
Accrued Income	329,608	-
Interest Receivable	251	289
VAT	-	258
	<u>£335,859</u>	<u>£ 48,547</u>

**9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002</b>	<b>2001</b>
	£	£
Corporation Tax	121	-
VAT	4,451	-
Accruals	<u>110,602</u>	<u>41,839</u>
	<u>£115,174</u>	<u>£ 41,839</u>

**LONDON METROPOLITAN NETWORK LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR****ENDED 31<sup>ST</sup> JULY 2002 (Continued)****10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	-----2002-----			2001
	Subordinated Loans	Deferred Capital Grant	Total	Total
	£	£	£	£
Balance brought forward	99,000	362,149	461,149	-
Receivable	103,000	344,061	447,061	642,224
Release to profit and loss Account	-	(262,374)	(262,374)	(181,075)
	<u>£202,000</u>	<u>£443,836</u>	<u>£645,836</u>	<u>£461,149</u>

The subordinated loans are interest free loans provided by all the members 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**

	2002	2001
	£	£
Profit/(Loss) on ordinary activities before taxation	29,213	(67,759)
Add: Depreciation charge for the period	273,190	181,075
Less: Interest receivable	(1,816)	(3,653)
	<u>300,587</u>	<u>109,663</u>
(Increase)/Decrease in trade debtors and VAT recoverable	(287,350)	23,742
Increase in creditors	257,901	483,475
	<u>£271,138</u>	<u>£616,880</u>

**12. ANALYSIS OF CHANGES IN NET FUNDS**

	At 31 <sup>st</sup> July 2002	At 31 <sup>st</sup> July 2001	Cash Outflow
	£	£	£
Cash at Bank and in Hand	<u>£175,451</u>	<u>£178,804</u>	<u>£ (3,353)</u>
	At 31 <sup>st</sup> July 2001	At 31 <sup>st</sup> July 2000	Cash Outflow
	£	£	£
Cash at Bank and in Hand	<u>£178,804</u>	<u>£101,540</u>	<u>£ 77,264</u>