

**Company Registration No. 4351717 (England and Wales)**

**LONDON CONNECTS LIMITED**  
**(A Company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 2007**



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## **COMPANY INFORMATION**

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**Directors**

Stephen Bullock  
Janet Worth  
David Campion  
David James Burbage  
Joanne McCartney  
Ailsa Beaton  
David Hiller  
Julia Vernalls

**Secretary**

Loretta Jennings

**Registered office**

59 ½ Southwark Street  
London  
SE1 0AL

**Company number**

4351717

**Auditors**

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

**LONDON CONNECTS LIMITED**  
**(Limited by guarantee)**

**Report of the Chair of London Connects Limited**

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The Chair of London Connects Ltd submits his annual report and the audited financial statements of London Connects Limited for the period ended 31 March 2007

**Constitution**

The Company was incorporated on 11 January 2002 under the Companies Act 1985, as a company limited by guarantee and not having share capital. The Company's affairs are determined and administered by the Board of Directors. On winding up, the subscribing members have undertaken to contribute an amount not exceeding £1.

**Principal activities**

The Company's principal activity is to further, enable and facilitate the delivery of public services by electronic means, in particular the delivery of such services by Public bodies including the Greater London Authority and the London Boroughs.

I am pleased to be able to present the London Connects accounts for the period ended 31 March 2007. In this period London Connects has carried out a number of development and learning activities.

**Transfer of Your London to GLA**

London Connects transferred operational responsibility for the official London government site, Your London, to the GLA in October 2006 on schedule. This is the first major development of London Connects to be transferred as a direct service to the public. A fundamental London Connects policy is to develop and implement but not operate direct services to the public.

**Online school admissions**

All places at London primary and secondary schools may now be applied for using an online system implemented on time for Autumn 2006. The project aimed for a 10% take up of online forms and achieved 15%. Hackney made a special effort to encourage online applications and was rewarded with a take up of 80%, the highest for any education authority in the country.

**Online e-Prospectus Choice 14-19**

London is now the only region in Europe to have a comprehensive online service for educational courses for younger people. The service was launched on time in February 2007 with funding from the Learning and Skills Council.

**3D London tools distributed to boroughs**

In a joint development with University College London online tools have been developed and distributed to boroughs for online 3D models. The boroughs are now able to produce virtual models of new building and developments. London Connects also jointly procured on behalf of boroughs height data for use in 3D models.

**Implementation of London Public Service Network**

By the end of March 2007 ten boroughs had connected to a secure broadband network for corporate purposes. Another fifteen are planning to connect in 2007. This project has been part funded by the London Centre for Excellence. The network provides boroughs with the best value for money connections to local primary care trusts, hospitals and central government departments, resilient inter borough communications capacity for emergency contingencies, the ability to share expensive data centre resources, the potential to reduce telephony costs through internet protocol (IP) telephony and lower the barriers to sharing business applications between boroughs.

**Secure e-mail**

Over ten boroughs are actively using the London Connects promoted Criminal Justice secure e-mail system to exchange confidential information with partners concerning care for children and adults. This system has been

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### **(Limited by guarantee)**

used for some time by youth offending teams and through a London Connects campaign of learning and awareness is extending to other areas

#### **Your London card vision**

The vision articulates the benefits of joint working between boroughs on a common standard for library, leisure, school and other borough service entitlements. The project has worked closely with TfL to exploit possible synergies with Oyster cards. A standard for a common card has been produced and two boroughs have received cards procured through a London Connects project. A further ten boroughs have expressed strong interest in acquiring common cards and working together.

#### **Out of Hours**

Surveys have shown that most boroughs use relatively costly in-house services to manage their telephone based out of hours (emergency type) contact with the public. There is clear evidence that efficiencies and service standards can be significantly improved via a shared call handling service in London. This project will provide a joint call centre for a number of authorities, whilst maintaining the use of borough contact numbers and local front line service specifications. Seven boroughs have committed to taking part in a joint procurement with a scheduled implementation date of January 2008.

#### **Learning activities and special interest groups**

Over 2000 people attended London Connects events in 2006. The one day conference received a record 585 guests. Special Interest Groups include Customer Services for London, Freedom of Information, Information Security (known as Warning, Advice and Reporting Point), Geographic Information Service, Web Managers, London Society of IT Management and Wireless. Each group is chaired by a representative from a partner. The groups differ in practice but fundamental to all is the exchange and identification of best practice and opportunities for collaboration which may develop into projects. Over 100 people attended and received accreditation in project or programme management.

#### **Summary**

London Connects is well placed to continue to provide the London focus for collaborative learning about the use of technology to improve services. In the coming year a joint review of London Connects, Capital Ambition and the London Centre of Excellence will continue to examine the case for joint management or operational activities. I am grateful to my fellow directors, our partners and London Connects staff for taking the programme forward and laying the foundations for providing simpler, cheaper customer focussed London services.

#### **Results for the year**

For the year ended 31 March 2007 London Connects has made a surplus of £25,386 (2006 £150,829 deficit)

#### **Allocated Funds**

A sum of £196,000 has been allocated and will be spent in 2007/2008 on-going projects that span the financial years 2006/07 and 2007/08. A substantial part of this sum will be used for the London Public Service Network, Aerial Photography and related projects.

#### **Appointment of Auditors**

PricewaterhouseCoopers LLP were appointed to conduct the 2006/2007 audit.

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**Directors and Directors' Interests**

The Board of Directors comprises of eight members nominated by the Greater London Authority and London Councils

The directors who served during the period were -

Martin George Pilgrim (appointed 11 01 02, resigned 22 01 07)  
Chief Executive, London Councils

Mr David Hiller (appointed 01 08 06)  
Transport for London

Mayor Stephen Bullock (appointed 09 12 03)  
London Borough of Lewisham representing London Councils ( Labour )

John Edward Horan (appointed 18 05 04, resigned 18 08 06)  
Representative, Transport for London

Councillor David Campion (appointed 24 09 04)  
Royal Borough of Kensington and Chelsea representing London Councils ( Conservative)

Janet Worth (appointed 03 12 04)  
Representative, Greater London Authority

Ailsa Beaton (appointed 03 12 04)  
Director of Information, Metropolitan Police Service

David James Burbage (appointed 27 01 06, resigned 01 05 07)  
Representative, London Boroughs Chief Executives

Assembly Member Joanne McCartney (appointed 27 01 06)  
Representative, Greater London Authority

Julia Vernalls (appointed 22 01 07)  
Director, London Councils

Approved and signed on behalf of the Board



Stephen Bullock  
Chair, London Connects Ltd

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**Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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 then 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 the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**Exemption Statement**

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

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**INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2007**

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We have audited the financial statements of London Connects for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 misstatement, 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.



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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers LLP*  
*Chartered Accountants and Registered Auditors*  
*London*

*24 July 2007*

**LONDON CONNECTS LIMITED**  
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**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

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	Notes	2007 £	2006 £
TURNOVER – continuing operations	2.2	3,953,802	6,455,877
COST OF SALES		3,951,228	6,610,149
		<hr/>	<hr/>
GROSS		2,574	(154,272)
Administration Expenses		(9,000)	(8,750)
		<hr/>	<hr/>
Operating Surplus/(deficit) – continuing operations	3	(6,426)	(163,022)
Interest Receivable		31,812	12,193
Surplus/(deficit) on ordinary activities before taxation		25,386	(150,829)
Taxation	5	-	-
		<hr/>	<hr/>
<b>Surplus/(deficit) for the year</b>		<b>25,386</b>	<b>(150,829)</b>
		<hr/>	<hr/>

The company has no recognised gains or losses other than those included in the income and expenditure account and, therefore, no separate statement of total recognised gains or losses has been presented

The notes on pages 10 to 13 form part of these financial statements

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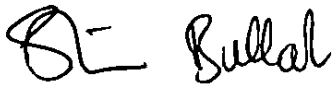
**BALANCE SHEET**  
**AS AT 31 MARCH 2007**


	Notes	2007 £	2006 £
<b>Fixed Assets</b>			
Tangible Assets	6	7,390	1,488
<b>Current Assets</b>			
Debtors	7	941,587	2,773,555
Cash at bank and in hand		1,063,181	497,293
		<u>2,004,768</u>	<u>3,270,848</u>
<b>Current Liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	8	(1,570,231)	(2,855,795)
		<u>(1,570,231)</u>	<u>(2,855,795)</u>
<b>Net Current Assets</b>		<u>434,537</u>	<u>415,053</u>
<b>NET ASSETS</b>		<u>441,927</u>	<u>416,541</u>
<b>Reserves</b>	11		
Reserves at start of the year		416,541	567,370
Surplus/(deficit) for the year		25,386	(150,829)
		<u>441,927</u>	<u>416,541</u>

The only movement within London Connects' funds has been the retained surplus of £25,386 for this accounting year

The financial statements on pages 8 to 13 were approved by the Directors of London Connects Ltd on 19 July 2007

Signed on behalf of London Connects Ltd by

  
Stephen Bullock  
Chair

  
Steve Pennant  
Chief Executive

**LONDON CONNECTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

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**1 Company Status**

London Connects is a company limited by guarantee and does not have any share capital. The liability of the officers is limited to £1 in the event of London Connects being wound up.

**2 Accounting policies**

**2.1 Basis of Accounting**

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

**2.2 Turnover**

Turnover represents fee income relating to services provided net of Valued Added Tax and some grant income. The turnover and pre-tax profit is wholly attributable to the principal activity, which arose wholly in the United Kingdom.

**2.3 Income and Expenditure**

Income and Expenditure is recognised in the year to which it relates.

**2.4 Tangible Fixed Assets**

The purchases of items below £2,500 are expensed to the income and expenditure account in the year of acquisition.

Items above £2,500 are capitalised and stated at cost less accumulated depreciation which is provided over the estimated useful lives of the relevant assets at the following rates:

Computer equipment                      33% straight line

**2.5 Cash flow Statement**

As a small company London Connects Ltd is exempt from preparing a cash flow statement.

**3 Operating surplus/deficit**

The operating surplus/deficit is stated after charging	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Directors emoluments	-	-
Depreciation	<b>5,098</b>	<b>5,352</b>
Audit fees	<b>9,000</b>	<b>8,750</b>

The Directors did not receive any emoluments in relation to their services to London Connects.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2007**

Payroll and legal services are provided at no charge by the City of London

**4 Staff costs**

	2007	2006
	£	£
Wages and Salaries	674,689	610,777
Social Security Costs	<u>72,450</u>	<u>66,127</u>
Total	747,139	676,904

**Average numbers employed in the Year:**

	2007	2006
	number	number
Programme/Project Teams	17	14
Administration	<u>3</u>	<u>3</u>
Total	20	17

**Number of Employees earning over £50,000 (in bands of £10,000)**  
£50,000 - £59,999

2007	2006
1	1

**5 Taxation**

The company is exempt from charge to income tax, corporation tax and capital gains tax under Section 519 (3) ICTA 1988

**6 Tangible fixed assets**

	<b>Computer Equipment £</b>
Cost at 1 April 2006	18,542
Additions	11,000
At 31 March 2007	<u>29,542</u>
Depreciation at 1 April 2006	17,054
Charge for the period	5,098
At 31 March 2007	<u>22,152</u>
<b>Net book Value</b>	
At 31 March 2007	<u>7,390</u>
At 31 March 2006	1,488

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**7 Debtors**

	2007	2006
	£	£
Trade Debtors	874,985	2,718,724
Other Debtors	66,602	54,831
	<u>941,587</u>	<u>2,773,555</u>

**8 Creditors**

	2007	2006
	£	£
Trade Creditors	782,637	1,375,640
Accruals	25,384	46,065
Other Creditors	1,000	1,000
Deferred Income	482,340	736,342
Contract Accruals	105,616	267,113
VAT	173,254	429,635
	<u>1,570,231</u>	<u>2,855,795</u>

**9 Operating Lease**

On 31 March 2007 London Connects was committed to making the following payments during the next year in respect of operating leases on its property for the rental of office space at Southwark Street

	2007	2006
	£	£
Property leases which expire within one year	29,465	29,465

**10 Related parties**

During the year no member of the Board of Directors of the Company has undertaken any material transactions with the Company

London Connects invoiced the Greater London Authority, a founder member, a total sum of £672,634 This was principally for services rendered on Your London portal programme and the Single Non-emergency number project London Councils invoiced London Connects a sum of £66,173 in relation to rent and associated costs and room hire

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**11 Reserves**

	<b>Profit and Loss Account Reserve</b>
	<b>£</b>
Balance at 1 April 2006	416,541
Results for the year	<u>25,386</u>
Balance at 31 March 2007	<u>441,927</u>

**12 Directors' Emoluments**

The Directors did not receive any emoluments in relation to their services to London Connects

**13 Reconciliation of movements in Funds**

	<b>£</b>
Surplus for the year	<u>25,386</u>
Funds at 1 April 2006	<u>416,541</u>
Funds as at 31 March 2007	<u>441,927</u>

London Connects Ltd has no share capital resulting in £0 equity balance

**14 Ultimate Parent Entity**

The company is a Joint Venture undertaking involving the London Councils and the Greater London Authority

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**DETAILED INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2007**

**UNAUDITED FOR  
MANAGEMENT INFORMATION ONLY**

	2007 £	2006 £
<b>Turnover</b>		
Fee and Grant Income	3,953,802	6,455,877
<b>Expenditure</b>		
Development Services and Consultancy	2,739,505	5,258,616
Staff secondment	348,684	498,065
Staff costs	747,139	676,905
Staff training and recruitment	5,676	13,281
Technical journals and subscriptions	1,885	1,325
Printing and stationery postage	4,576	10,417
Telephone	9,534	15,990
Insurances	-3,152	21,906
Depreciation – Computer equipment	5,098	5,352
Audit fee	9,900	8,750
Accountancy and professional fees	4,955	-3,130
Establishment costs	45,494	43,087
Legal fees	0	0
Computer and IT costs	30,265	47,095
Travel and subsistence	6,294	5,258
Advertising and marketing	490	2,750
Miscellaneous expenses	3,768	12,559
Bank charges	1,017	673
<b>Total Expenditure</b>	<b>3,960,228</b>	<b>6,618,899</b>
Surplus (deficit) before Interest	(6,426)	(163,022)
Interest earned	31,812	12,193
<b>FINAL SURPLUS ( DEFICIT)</b>	<b>25,386</b>	<b>(150,829)</b>