

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

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

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2008**



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## COMPANY INFORMATION

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**Directors**

Stephen Bullock  
Janet Worth  
David Campion  
Mark Maidment  
Ailsa Beaton  
David Hiller  
Julia Vernalls

**Secretary**

Loretta Jennings

**Registered office**

59 ½ Southwark Street  
London  
SE1 0AL

**Company number**

4351717

**Auditors**

Knox Cropper,  
8/9 Well Court,  
London EC4M 9DN

# **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 2008

### **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 2008. In this period London Connects has carried out a number of development and learning activities.

### **Online e-Prospectus Choice 14-19 – funded by the Learning and Skills Council**

The prospectus is an online, London-wide guide to educational provision for learners aged 14-19. Its aims are:

- To give young Londoners - and their carers and advisers - clear details of all the learning opportunities and progression pathways open to them
- To enable young people to select and plan their own learning online
- To encourage partners to collaborate across London to deliver and communicate the full range of curriculum choices to all young people
- To help planners to improve and develop the London 14-19 offer, its quality and distribution and the progression routes available

### **Implementation of London Public Service Network**

By the end of March 2008 seventeen boroughs had connected to a secure broadband network for corporate purposes. Another ten are planning to connect in 2008/09. 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. For example 10 boroughs now share the same library resource system over this network.

### **Information sharing**

London Connects provides a central point of information governance and shared solutions for London Boroughs as recognised recently by the Chief Executives' London Committee. This is a critical role in improving services which are provided by many agencies. For example adult care, children care and providing benefits. In 2007 an information sharing protocol was developed with partners including NHS and Police. More recently the group developed tool for practitioners which sets out the principles that will be applied to sharing information (such as aggregated data, information about people) across various London organisations has been produced. It sets out the commitment to information sharing, explains what information is shared, grounds for sharing information and the controls and assurances which are agreed. Most importantly it provides a clear way of demonstrating compliance with legislation such as the Data Protection Act.

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## **LONDON CONNECTS LIMITED**

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#### **Information management (Data Connects)**

Establishing roles for sharing information and complying with legislation are not all the problems faced by partners wishing to manage information. The enormous proliferation of information stored about customers in recent years has created huge problems of data management. Most critically it is often difficult to bring together all the information about a customer relevant to a particular service. This forum has been meeting to research, publish and discuss methods and technology for matching customer information better.

#### **Secure e-mail**

Often the best way for partners to exchange information about clients is by e-mail. Normal corporate e-mail does not provide sufficient assurance for the secure transmission of confidential data. In response to this problem different government agencies have procured secure e-mail systems which are not all compatible with each other. This group has been identifying the technology most suited to boroughs and promoting that. The group also acts as a single negotiator with other agencies in agreeing which secure e-mail technologies and standards should be used. Because technologies and security requirements are ever changing this activity is proving to be essential but a difficult and continuing challenge.

#### **Information Security**

This forum was originally established to counter threats such as viruses and spam. Whilst this continues to be a vital role the group has been of more practical use in identifying and sharing best practice in the management of e-mail and aggregated data within authorities. Many of the issues have been shown to be under appreciation by staff of the risks involved and methods for ensuring good practice.

#### **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. At certain times of night, boroughs may have two staff answering fewer than two of three calls per hour. Indeed, there is clear evidence that efficiencies and service standards can be significantly improved via a shared call handling service in London.

The project is currently at the procurement stage for a joint Out of Hours call centre. Whilst maintaining the use of borough contact numbers and local front line service specifications, the selected external provider (borough or private sector) will record calls and ensure those requiring urgent service provision are passed immediately to local on call teams.

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

Over 1800 people attended London Connects events in 2007. The one day conference received 475 guests. Special Interest Groups include: Customer Services for London, Freedom of Information, Information Security, Web Managers and the London Society of IT Management. 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. In the past two years boroughs have saved a total of £95K compared to market rates from staff attended and received accreditation in project or programme management courses commissioned by London Connects.

## **LONDON CONNECTS LIMITED**

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#### **Summary and Future Plans**

London Connects has delivered real progress in the development of simpler, cheaper customer focussed London services. A joint review of London Connects, Capital Ambition and the London Centre of Excellence has now confirmed that London Connects will merge with the Capital Ambition partnership in 2008/09. Capital Ambition is a division of London Councils. Consequently the volume of business carried out by London Connects will decline over the course of 2008/09 as the accountability for the delivery of projects is transferred to Capital Ambition. A decision will be made later in the year as to whether to retain London Connects as a company in 2009/10 or not.

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

For the year ended 31 March 2008 London Connects has made a deficit of £242,386 (2007 £25,386 surplus)

#### **Appointment of Auditors**

Knox Cropper was appointed to conduct the 2008/09 audit

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

**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.-

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 )

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

Mark Maidment (appointed 24.05 07)  
Representative, London Councils

Assembly Member Joanne McCartney (appointed 27 01 06) (resigned 20 05 08) JW  
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 and the requirements of the Financial Reporting Standard for Smaller Entities

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

**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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We have audited the financial statements of London Connects for the year ended 31 March 2008 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.

**LONDON CONNECTS LIMITED**  
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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 2008 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

8/9 Well Court  
London EC4M 9DN

24<sup>th</sup> July 2008

*Knox Cropper*  
**Knox Cropper**  
**Chartered Accountants**  
**Registered Auditors**

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

**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £	2007 £
TURNOVER – continuing operations	2.2	2,246,086	3,953,802
COST OF SALES		2,520,658	3,951,228
		<u>                    </u>	<u>                    </u>
GROSS PROFIT		(274,572)	2,574
Administration Expenses		(5,250)	(9,000)
		<u>                    </u>	<u>                    </u>
Operating Surplus/(Deficit) – continuing operations	3	(279,822)	(6,426)
Interest Receivable		37,436	31,812
		<u>                    </u>	<u>                    </u>
Surplus/(Deficit) on ordinary activities before taxation		(242,386)	25,386
Taxation	5	-	-
		<u>                    </u>	<u>                    </u>
<b>Surplus/(Deficit) for the year</b>		<u>£(242,386)</u>	<u>£25,386</u>

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 11 to 14 form part of these financial statements.

**LONDON CONNECTS LIMITED**  
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**BALANCE SHEET**  
**AS AT 31 MARCH 2008**

	Notes	2008 £	2007 £
<b>Fixed Assets</b>			
Tangible Assets	6	3,704	7,390
<b>Current Assets</b>			
Debtors	7	801,096	941,587
Cash at bank and in hand		603,033	1,063,181
		<u>1,404,129</u>	<u>2,004,768</u>
<b>Current Liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	8	(1,208,292)	(1,570,231)
		<u>(1,208,292)</u>	<u>(1,570,231)</u>
<b>Net Current Assets</b>		<u>195,837</u>	<u>434,537</u>
<b>NET ASSETS</b>		<u>£199,541</u>	<u>£441,927</u>
<b>Reserves</b>	11		
Reserves at start of the year		441,927	416,541
Surplus/(deficit) for the year		<u>(242,386)</u>	<u>25,386</u>
		<u>£199,541</u>	<u>£441,927</u>


The only movement within London Connects' funds has been the retained deficit of £242,386 for this accounting year

The financial statements on pages 8 to 14 were approved by the Directors of London Connects Ltd on 24 July 2008

Signed on behalf of London Connects Ltd by

  
Stephen Bullock  
Chair

J worth

  
Steve Pennant  
Chief Executive

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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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 members 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	2008	2007
	£	£
Directors emoluments	-	-
Depreciation	3,686	5,098
Audit fees	5,250	9,000

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

**LONDON CONNECTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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

**4 Staff costs**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and Salaries	475,802	674,689
Staff secondment	232,904	348,684
Social Security Costs	51,753	72,450
<b>Total</b>	<b>£760,459</b>	<b>£1,095,823</b>

**Average numbers employed in the Year:**

	<b>Number</b>	<b>Number</b>
Programme/Project Teams	11	17
Administration	3	3
<b>Total</b>	<b>14</b>	<b>20</b>

**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 2007	29,542
Additions	-
<b>At 31 March 2008</b>	<b>29,542</b>
Depreciation at 1 April 2007	22,152
Charge for the period	3,686
<b>At 31 March 2008</b>	<b>25,838</b>
<b>Net book Value</b>	
At 31 March 2008	£3,704
At 31 March 2007	£7,390

**LONDON CONNECTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**7 Debtors**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade Debtors	789,595	874,985
Other Debtors	11,501	66,602
	<u>£801,096</u>	<u>£941,587</u>

**8 Creditors**

Trade Creditors	285,816	782,637
Accruals	19,028	25,384
Other Creditors	2,739	1,000
Deferred Income	653,466	482,340
Contract Accruals	139,000	105,616
VAT	108,243	173,254
	<u>£1,208,292</u>	<u>£1,570,231</u>

**9 Operating Lease**

On 31 March 2008 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

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Property leases which expire within one year	29,465	29,465

Notice has been given on the above lease to expire on 30<sup>th</sup> September 2008

**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 £31,990, and the Greater London Authority invoiced London Connects a total of £43,000 London Councils invoiced London Connects a sum of £67,817 in relation to rent and associated costs and room hire

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

**11 Reserves**

<b>Profit and Loss Account</b>	<b>£</b>
Balance at 1 April 2007	441,927
Results for the year	(242,386)
Balance at 31 March 2008	<u>£199,541</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>
Deficit for the year	242,386
Funds at 1 April 2007	441,927
Funds as at 31 March 2008	<u>£199,541</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

**15 Going Concern**

A joint review of London Connects, Capital Ambition and the London Centre of Excellence has now confirmed that London Connects will merge with the Capital Ambition partnership in 2008/09. Capital Ambition is a division of London Councils. Consequently the volume of business carried out by London Connects will decline over the course of 2008/09 as the accountability for the delivery of projects is transferred to Capital Ambition. A decision will be made later in the year as to whether to retain London Connects as a company in 2009/10 or not.

**LONDON CONNECTS LIMITED**  
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**FOR MANAGEMENT INFORMATION ONLY**

**DETAILED INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2008**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>		
Fee and Grant Income	2,246,086	3,953,802
<b>Expenditure</b>		
Development Services and Consultancy	1,625,871	2,739,505
Staff secondment	232,904	348,684
Staff costs	527,555	747,139
Staff training and recruitment	4,765	5,676
Technical journals and subscriptions	1,843	1,885
Printing and stationery postage	4,464	4,576
Telephone	12,664	9,534
Insurances	9,676	-3,152
Depreciation – Computer equipment	3,686	5,098
Audit fee	5,250	9,900
Accountancy and professional fees	5,000	4,955
Establishment costs	55,863	45,494
Legal fees	-	-
Computer and IT costs	25,213	30,265
Travel and subsistence	4,695	6,294
Advertising and marketing	-	490
Miscellaneous expenses	5,470	3,768
Bank charges	989	1,017
<b>Total Expenditure</b>	<b>2,525,908</b>	<b>3,960,228</b>
<b>Deficit before Interest</b>	<b>(279,822)</b>	<b>(6,426)</b>
<b>Interest earned</b>	<b>37,436</b>	<b>31,812</b>
<b>FINAL (DEFICIT) / SURPLUS</b>	<b>(242,386)</b>	<b>25,386</b>