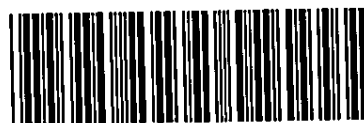


**London Technology Network Limited
Annual Report
for the year ended 31 July 2007**

Registered no: 04442969

A company limited by guarantee

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London Technology Network Limited

Directors' Report for the year ended 31 July 2007

Structure, Governance and Management

Governing Document

London Technology Network Limited ("LTN") is a private company limited by guarantee. It was originally established in 2002 by a £4 million government grant from the Higher Education Funding Council for England ("HEFCE"). Its aim is to improve and encourage interaction between industry and the regional academic research base.

Recruitment and appointment of directors

The directors of the company during the year ended 31 July 2007 were

Mr John Bates
Dr Alison Campbell
Mr Paul Docx
Dr Jeff Skinner

The directors of the company are also charity trustees for the purposes of charity law.

The Chief Executive Officer for the year ended 31 July 2007 was Mr Peter Reid.

Registered Office
1-26 Sussex Place
Regents Park,
London NW1 4SA

Auditors' Address
BDO Stoy Hayward LLP
Emerald House,
East Street,
Epsom, Surrey
KT17 1HS

Bankers
HSBC Bank plc
90 Baker Street
London
W1U 6AX

Solicitors
Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Trustee induction and training

The directors as charity trustees have control of the company and its property and funds. Each trustee is made aware of their duties to the Trust upon appointment and accept their responsibility to keep up to date with changes in statutory requirements that affect the role and responsibilities of trustees.

London Technology Network Limited

Directors' Report for the year ended 31 July 2007 (continued)

Risk management

The major risks that the charity is exposed to, as identified by the trustees, have been reviewed and systems or procedures have been established to manage these risks

When considering business decisions the Board will assess the associated risk factors. Any actions or strategies pursued by the Chief Executive Officer take into account all key risks faced by the charity and are formally approved by the Board before implementation. Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions

Organisational structure

The directors must hold at least four meetings each year and are responsible for the strategic direction and policy of the charity. The day to day responsibility for the provision of services rests with the Chief Executive Officer.

Related parties

LTN is a subsidiary company of UCLBS Limited. UCLBS Limited is a joint venture company of London Business School and University College London ("UCL"). The Centre for Scientific Enterprise Limited ("CSEL") is a sister company also owned by UCLBS Ltd.

Objectives and activities

The aim of LTN is to improve and encourage interaction between industry and the regional academic research base

In the 2003/04 year LTN was awarded a €3.5million project over 4 years to run a London-based Innovation Relay Centre ("LIRC"). This is funded jointly by the European Union ("EU") and the London Development Agency ("LDA"). The LIRC will increase technology transfer between Greater London and Europe.

LTN has subsequently received significant additional grant support from the LDA and its two adjoining regional development agencies (for the South East of England and the East of England) to stimulate and support interactions between businesses in their regions and the academic research base

London Technology Network Limited

Directors' Report for the year ended 31 July 2007 (continued)

Achievements and financial performance

The results for the year are shown in the statement of financial activities on page 8. The net incoming resources for the year are £133,183 (2006 net outgoing resources of £197,082) and arise due to an element of grant income being received in advance of expenditure being incurred. In addition to the support of the LIRC the main charitable activities during the year were Higher Education Institution activities to include training, networking and support, and Business activities which mainly support the delivery of events. Positive reserves of £609,369 are carried forward, although these are planned for future expenditure.

Principal funding sources

During the year to 31 July 2007 principal funding sources were

EU LIRC grant	£68,015	(2006 £362,571)
LDA LIRC grant	£262,384	(2006 £262,384)
Other LDA grants	£379,500	(2006 £254,750)
SEEDA grant	£431,000	(2006 £375,000)
EEDA grant	£400,000	(2006 £Nil)

In addition other income of £264,362 (2006 £39,977) was received

Investment policy

The directors do not believe there is the potential for long term investment requirements in the foreseeable future. Surplus cash reserves are invested in the money markets

Reserves policy

The company reserves are needed to meet the working capital requirements for the company. The level of reserves required is monitored in line with the development of future business plans

Plans for future periods

The Chief Executive Officer is actively pursuing potential new income streams from its current funders and a number of other public sector organisations. These will ensure that the company continues as a going concern, whilst broadening the range of interaction between industry and the academic research base which it will be able to support. A proposal to change both the legal structure and membership of LTN is being developed for review and implementation towards the end of 2007

London Technology Network Limited

Directors' Report for the year ended 31 July 2007 (continued)

Taxation status

In the opinion of the directors, the company is an exempt charity as defined under the provisions of the Income and Corporation Taxes Act 1988 as amended by the Finance Act 1989.

Payment of suppliers

It is the company's policy to pay all creditors who have complied with the company's terms and conditions within the time scale agreed with each supplier

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, for each financial year, which give a true and fair view of the company's financial activities during the year and of its financial position at the end of the 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 and statements of recommended practice have been followed, subject to any 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 operation

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

Awareness of relevant audit information

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware

London Technology Network Limited

Directors' Report for the year ended 31 July 2007 (continued)

Auditors

A resolution to re-appoint BDO Stoy Hayward LLP will be proposed at the next meeting.

By order of the Board



Richard Frost
Secretary

9 October 2007

London Technology Network Limited

Independent Auditor's Report to the members of London Technology Network Limited

We have audited the financial statements of London Technology Network Limited for the year ended 31 July 2007 which comprise the statement of financial activities, the balance sheet, the cashflow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities 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) 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).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, 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 are not disclosed.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

London Technology Network Limited

Independent Auditors' Report to the members of London Technology Network Limited (continued)

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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company at 31 July 2007, and of the incoming resources and resources expended, including its income and expenditure, 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.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

21 November 2007
~~October 2007~~

London Technology Network Limited

Statement of Financial Activities for the year ended 31 July 2007

	Notes	Unrestricted funds	Restricted funds	Total	Total
		2007	2007	2007	2006
		£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Donations and grants	2	1,170,500	370,399	1,540,899	1,817,205
Activities for generating funds:					
Investment income		23,994	-	23,994	15,945
Incoming resources from charitable activities:					
Other income	3	240,368	-	240,368	24,032
Total incoming resources		1,434,862	370,399	1,805,261	1,857,182
Resources expended					
Charitable activities:					
Higher Education (HEI) activities		679,139	-	679,139	856,502
Business activities		449,532	-	449,532	309,008
LIRC		-	469,929	469,929	820,785
Governance costs		73,478	-	73,478	67,969
Total resources expended	5	1,202,149	469,929	1,672,078	2,054,264
Net movement in funds	4	232,713	(99,530)	133,183	(197,082)
Balance at 1 August		544,663	(68,477)	476,186	673,268
Balance at 31 July		777,376	(168,007)	609,369	476,186

All of the company's activities are derived from continuing operations

There is no difference between the net movement in funds, stated above, and its historical cost equivalent

The notes on pages 11 to 17 form part of these financial statements

London Technology Network Limited

(A company limited by guarantee)

Balance Sheet as at 31 July 2007

	Notes	2007 £	2006 £
Current assets			
Debtors	6	146,772	371,906
Cash at bank and in hand		8,668	-
Short term deposits		617,112	259,915
		<u>772,552</u>	<u>631,821</u>
Creditors: amounts falling due within one year	7	(163,183)	(155,635)
Net current assets		<u>609,369</u>	<u>476,186</u>
Net assets		<u>609,369</u>	<u>476,186</u>
 Restricted funds		 (168,007)	 (68,477)
Unrestricted funds		<u>777,376</u>	<u>544,663</u>
	9	<u>609,369</u>	<u>476,186</u>

The financial statements on pages 8 to 17 were approved by the Board of Directors and authorised for issue on 9 October 2007.



Mr John Bates
Director

The notes on pages 11 to 17 form part of these financial statements

London Technology Network Limited

Cashflow statement for the year ended 31 July 2007

	Notes	2007 £	2006 £
Cashflow from operating activities	A	<u>383,766</u>	<u>(404,534)</u>
Returns on investments and servicing of finance			
Interest received		23,994	15,945
Increase / (decrease) in cash in the year	B	<u>407,760</u>	<u>(388,589)</u>

Notes to the cashflow statement

A Reconciliation of net incoming / (outgoing) resources to cashflow from operating activities

	2007 £	2006 £
Net outgoing resources per statement of financial activities	133,183	(197,082)
Investment income	(23,994)	(15,945)
Decrease/(Increase) in debtors	225,134	(94,739)
Increase/(decrease) in creditors	49,443	(96,768)
	<u>383,766</u>	<u>(404,534)</u>

B Analysis of change in net funds

	Opening at 1 August 2006 £	Cashflow £	Closing at 31 July 2007 £
Cash at bank	-	8,668	8,668
Bank overdraft	(41,895)	41,895	-
Short term deposits	259,915	357,197	617,112
Total	<u>218,020</u>	<u>407,760</u>	<u>625,780</u>

The notes on pages 11 to 17 form part of these financial statements

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2007

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice Accounting and Reporting by Charities ("SORP") issued by the Charity Commission in March 2005. A summary of the more important accounting policies, which have been applied consistently, are set out below

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention

(b) Grant income

Grants are credited to income in the year in which they are receivable

(c) Charitable expenditure

Expenditure on charitable activities consists of costs incurred to promote the objectives of the company and are accounted for in the year they occur

(d) Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirement of the company and include the audit fees and costs associated with the strategic management of the company

(e) Fund accounting

Restricted fund represents the unspent portion of grants awarded to fund the LIRC's and the EU's missions

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

2 Donations and grants

	Unrestricted funds 2007 £	Restricted funds 2007 £	Total 2007 £	Total 2006 £
EU LIRC grant	-	68,015	68,015	362,571
LDA (KTCF) grant	37,000	-	37,000	104,750
SEEDA grant	431,000	-	431,000	375,000
HEFCE grant	-	-	-	562,500
LDA LIRC grant	-	262,384	262,384	262,384
LDA LKTN grant	-	40,000	40,000	150,000
LDA Training	50,000	-	50,000	-
LDA Event Support	252,500	-	252,500	-
EEDA grant	400,000	-	400,000	-
	<u>1,170,500</u>	<u>370,399</u>	<u>1,540,899</u>	<u>1,817,205</u>

3 Incoming resources from charitable activities

	Unrestricted funds 2007 £	Unrestricted funds 2006 £
Other income	<u>240,368</u>	<u>24,032</u>
	<u>240,368</u>	<u>24,032</u>

4 Net incoming / (outgoing) resources

Net incoming / (outgoing) resources for the year are stated after charging:

	2007 £	2006 £
Auditors remuneration – statutory audit fees	8,401	8,225
– other	6,874	8,049
	<u>15,275</u>	<u>16,274</u>

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

5 Total resources expended

	Basis of allocation	Higher Education Activities	Business Activities	2007 LIRC	Governance	Total
		£	£	£	£	£
Costs directly allocated to activities						
Staff costs / contractors	Direct	232,768	233,458	299,079	-	765,305
Business Fellows	Direct	266,731	-	-	-	266,731
Travel and Entertaining	Direct	15,008	5,040	7,794	-	27,842
Conference costs	Direct	17,507	107,434	57,290	-	182,231
Brochures and Booklets	Direct	1,903	6,399	3,339	-	11,641
Office materials	Direct	492	-	-	-	492
Printing, stationery, other	Direct	11,932	9,106	10,646	-	31,684
Legal and Professional	Direct	-	194	24,972	-	25,166
Support costs allocated to activities						
Staff costs / contractors	Usage	84,947	56,228	9,004	-	150,179
Travel and entertaining	Usage	1,016	672	735	-	2,423
Staff recruitment / training	Usage	9,794	6,483	4,175	-	20,452
Office rent / materials	Usage	27,690	18,329	18,084	-	64,103
Printing, stationery, other	Usage	9,351	6,189	6,228	-	21,768
Insurance	Usage	-	-	3,385	5,077	8,462
Bank charges	Usage	-	-	292	995	1,287
Legal and professional	Usage	-	-	24,906	67,406	92,312
Total resources expended		679,139	449,532	469,929	73,478	1,672,078

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

5 Total resources expended (continued)

				2006		
	Basis of allocation	Higher Education Activities	Business Activities	LIRC	Governance	Total
		£	£	£	£	£
Costs directly allocated to activities						
Staff costs / contractors	Direct	166,031	193,696	499,628	-	859,355
Business Fellows	Direct	489,154	-	-	-	489,154
Travel and Entertaining	Direct	9,962	7,925	9,919	-	27,806
Staff recruitment / training	Direct	-	-	11,096	-	11,096
Conference costs	Direct	23,750	35,516	62,446	-	121,712
Brochures and Booklets	Direct	1,731	11,890	23,855	-	37,476
Office materials	Direct	17	78	67	-	162
Printing, stationery, other	Direct	22,869	6,087	60,837	-	89,793
Legal and Professional	Direct	-	2,230	29,217	-	31,447
Support costs allocated to activities						
Staff costs / contractors	Usage	98,429	35,511	14,107	-	148,047
Travel and entertaining	Usage	917	331	1,019	-	2,267
Staff recruitment / training	Usage	7,280	2,627	10,254	-	20,161
Office rent / materials	Usage	24,786	8,942	39,561	-	73,289
Printing, stationery, other	Usage	11,576	4,175	15,136	-	30,887
Insurance	Usage	-	-	5,702	5,042	10,744
Bank charges	Usage	-	-	183	208	391
Legal and professional	Usage	-	-	37,758	62,719	100,477
Total resources expended		856,502	309,008	820,785	67,969	2,054,264

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

6 Debtors

	2007 £	2006 £
Accrued income	65,595	369,029
Other debtors	81,177	2,877
	<u>146,772</u>	<u>371,906</u>

7 Creditors: amounts falling due within one year

	2007 £	2006 £
Overdraft at bank	-	41,895
Trade creditors	47,375	66,832
Amounts owed to CSEL	8,888	11,872
Amounts owed to London Business School	66,342	8,912
Other creditors	40,578	26,124
	<u>163,183</u>	<u>155,635</u>

8 Analysis of assets between funds

	Unrestricted funds 2007 £	Restricted funds 2007 £	Total funds 2007 £	Total funds 2006 £
Net current assets	772,376	(168,007)	609,369	476,186
	<u>777,376</u>	<u>(168,007)</u>	<u>609,369</u>	<u>476,186</u>

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

9 Movement in funds

	At 1 August 2006 £	Incoming resources £	Resources expended £	At 31 July 2007 £
Restricted funds				
LIRC	(68,477)	370,399	(469,929)	(168,007)
Unrestricted funds	544,663	1,434,862	(1,202,149)	777,376
Total funds	<u>476,186</u>	<u>1,805,261</u>	<u>(1,672,078)</u>	<u>609,369</u>

LIRC is a €3.5million project over four years. The European Union and the London Development Agency are part funding this project on a cost recovery basis with small payments made in advance. The closing deficit on restricted funds as at 31 July 2007 arises due to costs being recovered in arrears and is therefore the result of timing only. Costs incurred but not recovered during year ended 31 July 2007 will be claimed during the year ended 31 July 2008.

10 Employees

Staff costs in the year totalled £828,643 (2006: £922,832)

Earnings of higher paid staff	2007	2006
£60,000 - £69,999	1	-
£70,000 - £79,999	1	1
£80,000 - £89,999	1	1
£90,000 - £99,999	-	2
£100,000 - £109,999	1	-
£120,000 - £129,999	-	1
£140,000 - £149,999	1	-

Earnings of higher paid staff include salaries and pension costs before a share of the costs are allocated to CSEL.

21% of the £140,000 - £149,999 salaries are recharged to CSEL.

Average staff numbers for the year	2007	2006
Total number	<u>16</u>	<u>16</u>

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2007 (continued)

11 Directors' remuneration

No amounts were invoiced (2006 £5,957) by Sussex Place Ventures Ltd in respect of John Bates for teaching service

12 Controlling entities and related parties

UCLBS Limited is the parent company of LTN

UCLBS Limited is a joint venture company of London Business School and UCL

CSEL is a sister company also owned by UCLBS Limited

During the year LTN paid UCL £4,510 (2006 £nil) for use of facilities. It paid London Business School £166,065 (2006: £145,875) for support services including human resources and accounts services and rent and running costs of its premises

Amounts owed to and by London Business School, and amounts owed to CSEL are disclosed in Notes 6 and 7. Amounts owed to CSEL relate to cross charges not yet paid for support services

13 Taxation

In the opinion of the directors, LTN is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the company is deemed to be exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes