

**London Technology Network CIC
(formerly London Technology Network
Limited)
Annual Report
for the Eight Months ended 31 March
2008**

Registered no: 04442969

A company limited by guarantee

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London Technology Network CIC (formerly London Technology Network Limited)

Company information

Directors

The directors of the company are also charity trustees for the purpose of the charity law

Mr John Bates
Dr Alison Campbell
Mr Paul Docx
Dr Jeff Skinner
Professor Kenneth Spyer (appointed 10 April 2008)

Chief Executive Officer

The Chief Executive Officer for the year ended 31 March 2008 was Mr Peter Reid

Company Secretary

Vantis Secretaries Limited (appointed 27 May 2008) Richard Frost resigned as secretary on 16 April 2008

Registered Office

82 St John Street
London
EC1M 4JN

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

London Technology Network CIC (formerly London Technology Network Limited)

Directors' Report for the Eight Months ended 31 March 2008

Structure, Governance and Management

Governing Document

London Technology Network CIC ("LTN") (formerly London Technology Network Limited) is a private company limited by guarantee. It was originally established in 2002 by a £4 million 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.

With effect from 1 April 2008 LTN has changed its legal status to be a Community Interest Company.

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.

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.

London Technology Network CIC (formerly London Technology Network Limited)

Directors' Report for the Eight Months ended 31 March 2008 (continued)

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

Achievements and financial performance

The results for the year are shown in the statement of financial activities on page 8 The net outgoing resources for the year are £185,488 (2007 net incoming resources of £133,183) 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 £423,881 are carried forward, although these are planned for future expenditure

Principal funding sources

During the eight months to 31 March 2008 principal funding sources were

EU LIRC grant	£56,048	(2007	£68,015)
LDA LIRC grant	£196,788	(2007	£262,384)
Other LDA grants	£157,500	(2007	£379,500)
SEEDA grant	£210,000	(2007	£431,000)
EEDA grant	£199,387	(2007	£400,000)

In addition other income of £301,159 (2007 £264,362) 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

London Technology Network CIC (formerly London Technology Network Limited)

Directors' Report for the Eight Months ended 31 March 2008 (continued)

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.

The legal structure and membership of LTN has been reviewed. As a result, it was agreed that the company should move its financial year end to 31 March and that with effect from 1 April 2008 LTN will be a Community Interest Company, the members of which will be University College London, King's College London and Imperial College London.

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

London Technology Network CIC (formerly London Technology Network Limited)

Directors' Report for the Eight Months ended 31 March 2008 (continued)

- 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.

Auditors

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

By order of the Board



Mr John Bates
Director

29 September, 2008

London Technology Network CIC (formerly London Technology Network Limited)

Independent Auditor's Report to the members of London Technology Network CIC (formerly London Technology Network Limited)

We have audited the financial statements of London Technology Network CIC (formerly London Technology Network Limited) for the eight months ended 31 March 2008 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 CIC (formerly London Technology Network Limited)

Independent Auditor's Report to the members of London Technology Network CIC (formerly London Technology Network Limited)

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 March 2008, 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
Epsom

27 October 2008

London Technology Network CIC (formerly London Technology Network Limited)

Statement of Financial Activities for the Eight Months ended 31 March 2008

	Notes	Unrestricted funds	Restricted funds	Total	Total
		2008	2008	2008	2007
		£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Donations and grants	2	566,887	252,836	819,723	1,540,899
Activities for generating funds:					
Investment income		19,887	-	19,887	23,994
Incoming resources from charitable activities:					
Other income	3	281,272	-	281,272	240,368
Total incoming resources		868,046	252,836	1,120,882	1,805,261
Resources expended					
Charitable activities:					
Higher Education (HEI) activities		563,770	-	563,770	679,139
Business activities		521,460	-	521,460	449,532
LIRC		-	131,763	131,763	469,929
Governance costs		89,377	-	89,377	73,478
Total resources expended	5	1,174,607	131,763	1,306,370	1,672,078
Net movement in funds	4	(306,561)	121,073	(185,488)	133,183
Balance at 1 August		777,376	(168,007)	609,369	476,186
Transfer between funds		(46,934)	46,934	-	-
Balance at 31 March		423,881	-	423,881	609,369

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 CIC (formerly London Technology Network Limited)

(A company limited by guarantee)

Balance Sheet for the Eight Months ended 31 March 2008

	Notes	2008 £	2007 £
Current assets			
Debtors	6	195,814	146,772
Cash at bank and in hand		42,224	8,668
Short term deposits		344,000	617,112
		<u>582,038</u>	<u>772,552</u>
Creditors' amounts falling due within one year	7	(158,157)	(163,183)
Net current assets		<u>423,881</u>	<u>609,369</u>
Net assets		<u>423,881</u>	<u>609,369</u>
 Restricted funds		 -	 (168,007)
Unrestricted funds		<u>423,881</u>	<u>777,376</u>
	9	<u>423,881</u>	<u>609,369</u>

The financial statements on pages 8 to 17 were approved by the Board of Directors and authorised for issue on 29 September 2008



Mr John Bates
Director

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

London Technology Network CIC (formerly London Technology Network Limited)

Cashflow statement for the Eight Months ended 31 March 2008

	Notes	2008 £	2007 £
Cashflow from operating activities	A	<u>(259,443)</u>	<u>383,766</u>
Returns on investments and servicing of finance			
Interest received		19,887	23,994
Increase / (decrease) in cash in the year	B	<u>(239,556)</u>	<u>407,760</u>

Notes to the cashflow statement

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

	2008 £	2007 £
Net outgoing resources per statement of financial activities	(185,488)	133,183
Investment income	(19,887)	(23,994)
Decrease/(Increase) in debtors	(49,042)	225,134
Increase/(decrease) in creditors	(5,026)	49,443
	<u>(259,443)</u>	<u>383,766</u>

B. Analysis of change in net funds

	Opening at 1 August 2007 £	Cashflow £	Closing at 31 March 2008 £
Cash at bank	8,668	33,556	42,224
Bank overdraft	-	-	-
Short term deposits	617,112	(273,112)	344,000
Total	<u>625,780</u>	<u>(239,556)</u>	<u>386,224</u>

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

London Technology Network CIC (formerly London Technology Network Limited)

Notes to the financial statements for the Eight Months ended 31 March 2008

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 requirements 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 CIC (formerly London Technology Network Limited)

Notes to the financial statements for the Eight Months ended 31 March 2008 (continued)

2 Donations and grants

	Unrestricted funds 2008	Restricted funds 2008	Total 2008	Total 2007
	£	£	£	£
EU LIRC grant	-	56,048	56,048	68,015
LDA (KTCF) grant	-	-	-	37,000
SEEDA grant	210,000	-	210,000	431,000
HEFCE grant	-	-	-	-
LDA LIRC grant	-	196,788	196,788	262,384
LDA LKTN grant	-	-	-	40,000
LDA Training	(50,000)	-	(50,000)	50,000
LDA Event Support	207,500	-	207,500	252,500
EEDA grant	199,387	-	199,387	400,000
	<u>566,887</u>	<u>252,836</u>	<u>819,723</u>	<u>1,540,899</u>

3 Incoming resources from charitable activities

	Unrestricted funds 2008 £	Unrestricted funds 2007 £
Events and support from other universities	<u>281,271</u>	<u>240,368</u>
	<u>281,271</u>	<u>240,368</u>

4 Net incoming / (outgoing) resources

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

	2008 £	2007 £
Auditors remuneration – statutory audit fees	8,225	8,401
– project audits	9,430	6,874
	<u>17,655</u>	<u>15,275</u>

London Technology Network CIC (formerly London Technology Network Limited)

Notes to the financial statements for the Eight Months ended 31 March 2008 (continued)

5 Total resources expended

				2008		
	Basis of allocation	Higher Education Activities	Business Activities	LIRC	Governance	Total
		£	£	£	£	£
Costs directly allocated to activities						
Staff costs / contractors	Direct	204,319	307,988	79,008	-	591,315
Business Fellows	Direct	204,537	9,750	-	-	214,287
Travel and Entertaining	Direct	34,650	3,458	770	-	38,878
Conference costs	Direct	29,066	93,870	10,582	-	133,518
Brochures and Booklets	Direct	2,182	23,408	6,711	-	32,301
Office materials	Direct	295	1,267	-	-	1,562
Printing, stationery, other	Direct	6,146	4,045	(4,922)	-	5,269
Legal and Professional	Direct	-	1,296	21,201	-	22,497
Support costs allocated to activities						
Staff costs / contractors	Usage	40,225	37,206	331	-	77,762
Travel and entertaining	Usage	750	694	205	-	1,649
Staff recruitment / training	Usage	7,967	7,369	2,653	-	17,989
Office rent / materials	Usage	28,276	26,154	8,206	-	62,636
Printing, stationery, other	Usage	5,357	4,955	1,418	-	11,730
Insurance	Usage	-	-	862	6,609	7,471
Bank charges	Usage	-	-	270	1,966	2,236
Legal and professional	Usage	-	-	4,468	80,802	85,270
Total resources expended		563,770	521,460	131,763	89,377	1,306,370

London Technology Network CIC (formerly London Technology Network Limited)

Notes to the financial statements for the Eight Months ended 31 March 2008 (continued)

5 Total resources expended (continued)

				2007		
	Basis of allocation	Higher Education Activities	Business Activities	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
Staff recruitment / training	Direct	17,507	107,434	57,290	-	182,231
Conference costs	Direct	1,903	6,399	3,339	-	11,641
Brochures and Booklets	Direct	492	-	-	-	492
Office materials	Direct	11,932	9,106	10,646	-	31,684
Printing, stationery, other	Direct	-	194	24,972	-	25,166
Legal and Professional	Direct					
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 CIC (formerly London Technology Network Limited)

Notes to the financial statements for the Eight Months ended 31 March 2008 (continued)

6 Debtors

	2008 £	2007 £
Trade Debtors	126,523	65,935
Accrued Income	56,048	65,595
Prepayments	13,243	15,242
	<u>195,814</u>	<u>146,772</u>

7 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	-	47,375
Amounts owed to CSEL	23,177	8,888
Amounts owed to London Business School	63,084	66,342
Other creditors	71,896	40,578
	<u>158,157</u>	<u>163,183</u>

8 Analysis of assets between funds

	Unrestricted funds 2008 £	Restricted funds 2008 £	Total funds 2008 £	Total funds 2007 £
Net current assets	423,881	-	423,881	609,369
	<u>423,881</u>	<u>-</u>	<u>423,881</u>	<u>609,369</u>

London Technology Network CIC (formerly London Technology Network Limited)

Notes to the financial statements for the Eight Months ended 31 March 2008 (continued)

9 Movement in funds

	At 1 August 2007 £	Incoming resources £	Resources expended £	Transfer £	At 31 March 2008 £
Restricted funds					
LIRC	(168,007)	252,836	(131,763)	46,934	-
Unrestricted funds	777,376	868,046	(1,174,607)	(46,934)	423,881
Total funds	<u>609,369</u>	<u>1,120,882</u>	<u>(1,306,370)</u>	<u>-</u>	<u>423,881</u>

LIRC is a €3 5million project over four years and finished on 31 March 2008. The European Union and the London Development Agency have part funded this project on a cost recovery basis. The closing deficit as at 31 March 2008 has been funded by unrestricted funds.

10 Employees

Staff costs in the eight months totalled £605,932 (2007 £828,643)

Earnings of higher paid staff	2008	2007
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1
£80,000 - £89,999	2	1
£100,000 - £109,999	1	1
£140,000 - £149,999	1	1

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

27% of the £140,000 - £149,999 salaries are recharged to CSEL.

Average staff numbers for the year	2007	2007
Total number	<u>19</u>	<u>16</u>

London Technology Network CIC (formerly London Technology Network Limited)

Notes to the financial statements for the Eight Months ended 31 March 2008 (continued)

11 Directors' remuneration

No amounts were invoiced (2007 Nil)

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 eight months LTN paid UCL Nil (2007 £4,510) for use of facilities. It paid London Business School £73,666 (2007 £166,065) 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