

London Technology Network Limited
Annual Report
for the period ended 31 July 2003

Registered no: 04442969

A company limited by guarantee



London Technology Network Limited

Directors' Report for the period ended 31 July 2003

The directors present their report and the audited financial statements for the 18 month period ended 31 July 2003.

The company was incorporated on 20th May 2002.

Review of activities

London Technology Network Limited (LTN) is a private company limited by guarantee. It was established by a £4m government grant from Higher Education Funding Council for England (HEFCE). Its aim is to improve business links and encourage interaction and research between industry and London-based academia.

The company results for the period are shown in the statement of financial activities on page 5.

Directors

The board of directors must consist of at least three individuals and include the current Dean of London Business School and the current Provost of University College London. Other members are jointly nominated by University College London and London Business School.

The directors of the company during the period 1st February 2002 to 31 July 2003 were:

	Appointed	Resigned
Mr John Bates (Chairman)	01/11/2002	
Mr Danny Gesua (Secretary)	13/06/2002	
Dr Malcolm Sims	01/11/2002	
Dr Jeff Skinner	13/06/2002	
Mrs Susan Searle	01/11/2002	
Mr Ian Laing	13/06/2002	18/11/2002
Mr Edwin Moses	13/06/2002	01/11/2002
Professor Michael Hay	13/06/2002	01/11/2002
Sir Derek Roberts CBE	13/06/2002	
Dr Suran Goonatilake	13/06/2002	24/11/2002
Professor Laura D' Andrea Tyson	13/06/2002	
Mr Christopher Llewellyn Smith	13/06/2002	10/09/2002
Rachel Elizabeth Holmes	20/05/2002	13/06/2002
James Horne	20/05/2002	13/06/2002

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

London Technology Network Limited

Directors' Report for the period ended 31 July 2003 (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 required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the resources received and expended by the company for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the Period ended 31 July 2003. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board



**John Bates
Director**

19th January 2004

London Technology Network Limited

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

We have audited the financial statements on pages 5 to 13, which have been prepared under the accounting policies set out on page 8.

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 are set out in the statement of directors' responsibilities in the Directors' Report.

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

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

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 Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2003 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

27 January 2004

London Technology Network Limited

Statement of Financial Activities for the period ended 31 July 2003

	Notes	Restricted Funds 2003 £
Incoming resources		
Grants	2	1,804,000
Investment income		3,440
Total incoming resources		<u>1,807,440</u>
Expenditure		
Cost of activities in furtherance of the company's objectives		
Higher Education (HEI) activities	3	399,780
Business activities	4	376,985
Administrative expenses	5	465,565
Total expenditure		<u>1,242,330</u>
Net incoming resources and balance at 31 July 2003		<u>565,110</u>

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

The company has no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the net movement in funds, stated above, and its historical cost equivalent.

The notes on pages 8 to 12 form part of these financial statements.

The Independent Auditors' report is set out on page 4.

London Technology Network Limited

Balance Sheet as at 31 July 2003

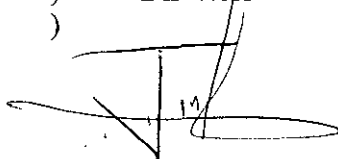
	Notes	2003 £
Fixed assets		
Tangible fixed assets	6	10,750
Current assets		
Debtors	7	119,047
Cash at bank and in hand		86,392
Short term deposits		478,418
		<u>683,857</u>
Creditors: amounts falling due within one Period	8	(129,497)
Net current assets		<u>554,360</u>
Total assets less current liabilities		<u>565,110</u>
Restricted Funds	9	<u>565,110</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 19th January 2004 and were signed on its behalf.

Mr John Bates)

Dr Jeff Skinner)

Directors



The notes on pages 8 to 12 form part of these financial statements.

The Independent Auditors' report is set out on page 4.

London Technology Network Limited

Cash flow statement for the period ended 31 July 2003

	Notes	2003 £
Cash inflow from operating activities	A	577,496
Returns on investments and servicing of finance		
Interest received		3,440
Capital expenditure		
Payments to acquire tangible fixed assets		(16,126)
Increase in cash in the period	B	564,810

Notes to the cash flow statement

A. Reconciliation of operating surplus to cash flow

	2003 £
Surplus per statement of financial activities	565,110
Investment income	(3,440)
Depreciation charge	5,376
Increase in debtors	(119,047)
Increase in creditors	129,497
	577,496

B. Analysis of change in net funds

	Opening at 20 th May 2002 £	Cash Flow £	Closing at 31 July 2003 £
Cash at bank and in hand	-	86,392	86,392
Short term deposits	-	478,418	478,418
Total	-	564,810	564,810

London Technology Network Limited

Notes to the financial statements for the period ended 31 July 2003

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 on Accounting by Charities ("SORP") issued by the Charity Commission in October 2000. 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

Grant income is accounted for on the basis of cash received.

(c) Direct charitable expenditure

Expenditure on charitable activities consists of costs incurred to promote the objectives of the company and are accounted for in the period that they are fulfilled.

(d) Administrative expenses

Administrative expenses are made from restricted funds and accounted for in the period in which they occur.

(e) Fund accounting

The restricted fund represents the unspent portion of grants awarded to fund London Technology Network Limited's mission, which is to help technology-intensive companies be more effective and efficient in their knowledge acquisition from London's universities.

(f) Fixtures, fittings and equipment

Assets are stated at cost. Depreciation is provided on cost over 3 years.

2 Grants

Grants totalling £1,804,000 were awarded during the period to fund London Technology Network Limited's mission, which is to help technology-intensive companies be more effective and efficient in their knowledge acquisition from London's universities.

London Technology Network Limited

Notes to the financial statements for the period ended 31 July 2003 (continued)

3. Higher Education (HEI) activities

	2003
	£
Business Fellow training and HEI events	62,025
Business Fellow buyout	160,439
Staff support, administrative and marketing	177,316
	<hr/>
	399,780
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4. Business activities

	2003
	£
Marketing, networking and events	73,376
Staff support, administrative and marketing	303,609
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	376,985
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5. Administrative expenses

	2003
	£
Salaries	204,459
Social security	23,050
Pensions	2,188
Other staff costs	184,050
Allocation of staff support to individual HEI and business activities	(480,091)
Office and other expenses	168,394
Legal and professional fees	63,142
Rent and insurance	54,093
Depreciation	5,375
Audit	4,250
Set-up costs	236,655
	<hr/>
	465,565
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London Technology Network Limited

Notes to the financial statements for the period ended 31 July 2003 (continued)

6. Fixed Assets

	Computer equipment £
Cost	
At 20 May 2002	-
Additions	16,126
At 31 July 2003	<u>16,126</u>
Depreciation	
At 20 May 2002	-
Additions	5,376
At 31 July 2003	<u>5,376</u>
Net book value	
At 31 July 2003	<u>10,750</u>
At 20 May 2002	<u>-</u>

7. Debtors: amounts falling due within the period

	2003 £
Amounts owed by London Business School	72,415
Other debtors	46,632
	<u>119,047</u>

8. Creditors: amounts falling due within the period

	2003 £
Trade creditors	23,228
Amounts owed to The Centre for Scientific Enterprise Limited	61,369
Amounts owed to London Business School	19,286
Other creditors	25,615
	<u>129,498</u>

London Technology Network Limited

Notes to the financial statements for the period ended 31 July 2003 (continued)

9. Funds

	Balance at 1 February 2002	Incoming Resources	Outgoing Resources	Balance at 31 July 2003
	£	£	£	£
HEFCE grants and investment income	-	1,807,440	(1,242,330)	565,110
	<u>-</u>	<u>1,807,440</u>	<u>(1,242,330)</u>	<u>565,110</u>

London Technology Network Limited has been established with an award from the HEFCE in February 2002, the full amount being £4,000,000.

Sufficient resources are held by the London Technology Network Limited to enable it to fund its activities in accordance with the terms of the award.

10. Employees

Staff costs in the period were £204,459.

Earnings of higher paid staff

	2003
£50,000 - £59,999	<u>3</u>

Included within the above are all amounts paid including salaries and pensions

Staff Numbers

As at 31st July

	2003
Total number	<u>7</u>

11. Directors' remuneration

The directors of the company do not receive any remuneration for their services as directors.

London Technology Network Limited

Notes to the financial statements for the period ended 31 July 2003 (continued)

12. Controlling entities and related parties

UCLBS Limited is the parent company of London Technology Network Limited.

UCLBS Limited is a joint venture company of London Business School and University College London.

The Centre for Scientific Enterprise Limited is a sister company also owned by UCLBS Limited.

During the period London Technology Network Limited paid University College London £22,500 for management time. It also paid London Business School £29,627 for support services such as management time, 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 the Centre for Scientific Enterprise Limited, at the year end, are disclosed in Notes 7 and 8. Amounts owed to The Centre for Scientific Enterprise Limited at the year end are disclosed in Note 8 and relate to cross charges not yet paid for support services.

13. Taxation

In the opinion of the directors London Technology Network Limited 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.