

**London Technology Network Limited
Annual Report
for the year ended 31 July 2005**

Registered no: 04442969

A company limited by guarantee



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London Technology Network Limited

Directors' Report for the year ended 31 July 2005

The directors present their report and the audited financial statements of the company for the year ended 31 July 2005.

Review of activities

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.

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 by building on LTN's existing strengths which include experienced technologists; professional event management; privileged access to London's academic technologists; excellent working relationships with London-centric and national organisations with a technology transfer remit; and links with technology intensive companies worldwide.

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

Directors

The directors of the company during the year ended 31 July 2005 were:

	Appointed	Resigned
Mr John Bates (Chairman)		
Dr Alison Campbell		
Mr Paul Docx	24 January 2005	
Mrs Susan Searle		24 January 2005
Dr Jeff Skinner		

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 year ended 31 July 2005 (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.

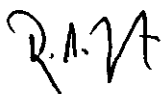
Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the resources received and expended by the company for that year.

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 year ended 31 July 2005. 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.

By order of the Board



Richard Frost
Secretary

1 November 2005

London Technology Network Limited

Independent Auditors' 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.

London Technology Network Limited

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2005 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

BDO Stoy Hayward LLP

1 November 2005

London Technology Network Limited

Statement of Financial Activities for the year ended 31 July 2005

	Notes	Unrestricted funds	Restricted funds	Total	Total
			2005		2004
		£	£	£	£
Incoming resources					
EU LIRC grant		-	249,592	249,592	-
LDA (KTCF) grant		82,250	-	82,250	-
LTN / SEEDA grant		104,000	-	104,000	-
HEFCE grants		872,500	-	872,500	1,436,000
LDA LIRC grant		-	437,979	437,979	129,213
Other income		8,645	-	8,645	2,662
Investment income		29,561	-	29,561	10,231
Total incoming resources		1,096,956	687,571	1,784,527	1,578,106
Charitable expenditure					
Cost of activities in furtherance of the charity's objectives					
Higher Education (HEI) activities	2	603,535	-	603,535	579,886
Business activities	3	260,929	-	260,929	416,970
LIRC	4	-	765,486	765,486	73,945
Administrative expenses	5	245,736	-	245,736	307,988
Total charitable expenditure		1,110,200	765,486	1,875,686	1,378,789
Net (outgoing)/incoming resources		(13,244)	(77,915)	(91,159)	199,317
Balance at 1 August 2004		709,159	55,268	764,427	565,110
Balance at 31 July 2005		695,915	(22,647)	673,268	764,427

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 8 to 13 form part of these financial statements.

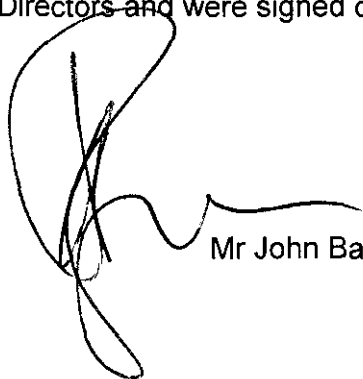
The Independent Auditors' report is set out on pages 3 to 4.

London Technology Network Limited

Balance Sheet as at 31 July 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible fixed assets	6	-	5,375
Current assets			
Debtors	7	277,167	100,143
Cash at bank and in hand			10,899
Short term deposits		637,094	788,136
		<u>914,261</u>	<u>899,178</u>
Creditors: amounts falling due within one year	8	(240,993)	(140,126)
Net current assets		<u>673,268</u>	<u>759,052</u>
Total assets less current liabilities		<u>673,268</u>	<u>764,427</u>
Restricted funds	9	(22,647)	55,268
Unrestricted funds		<u>695,915</u>	<u>709,159</u>
		<u>673,268</u>	<u>764,427</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors and were signed on its behalf on 1 November 2005.



Mr John Bates

Director

The notes on pages 8 to 13 form part of these financial statements.

The Independent Auditors' report is set out on pages 3 to 4.

London Technology Network Limited

Cash flow statement for the year ended 31 July 2005

	Notes	2005 £	2004 £
Cash (outflow)/inflow from operating activities	A	(221,987)	223,994
Returns on investments and servicing of finance			
Interest received		29,561	10,231
(Decrease)/increase in cash in the year	B	(192,426)	234,225

Notes to the cash flow statement

A. Reconciliation of net outgoing resources to cash flow from operating activities

	2005 £	2004 £
Net outgoing resources per statement of financial activities	(91,159)	199,317
Investment income	(29,561)	(10,231)
Depreciation	5,375	5,375
(Increase)/decrease in debtors	(177,024)	18,904
Increase in creditors	70,382	10,629
	(221,987)	223,994

B. Analysis of change in net funds

	Opening at 1 August 2004 £	Cash Flow £	Closing at 31 July 2005 £
Bank overdraft	-	(30,485)	(30,485)
Cash at bank and in hand	10,899	(10,899)	-
Short term deposits	788,136	(151,042)	637,094
Total	799,035	(192,426)	606,609

The notes on pages 8 to 13 form part of these financial statements.

The Independent Auditors' report is set out on pages 3 to 4.

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2005

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 and Reporting by Charities ("SORP") issued by the Charity Commission. 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) Administrative expenses

Administrative expenses are accounted for in the year they occur.

(e) Fund accounting

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

(f) Computer equipment

Assets are stated at cost. Depreciation is provided on cost over 3 years. A full year of depreciation is provided for in the year of acquisition and no depreciation is charged in the year of disposal.

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2005 (continued)

2. Higher Education (HEI) activities

	2005	2004
	£	£
Business Fellow training and HEI events	38,693	57,647
Business Fellow buyout of time	440,318	357,091
Staff support, administrative and marketing expenses	124,524	165,148
	<u>603,535</u>	<u>579,886</u>

3. Business activities

	2005	2004
	£	£
Marketing, networking and events	66,816	92,830
Staff support and administrative expenses	194,113	324,140
	<u>260,929</u>	<u>416,970</u>

4. LIRC

	2005	2004
	£	£
Staff support, administrative and marketing	<u>765,486</u>	<u>73,945</u>

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2005 (continued)

5. Administrative expenses

	2005	2004
	£	£
Salaries	720,491	537,132
Social security	81,931	68,753
Pensions	26,492	9,089
Other staff costs	11,697	18,157
	<u>840,611</u>	<u>633,131</u>
Allocation of staff support to individual HEI and business activities, and to the LIRC	(754,171)	(540,267)
Office and other expenses	71,005	132,182
Legal and professional fees	46,247	20,677
Rent and insurance	33,232	51,577
Depreciation	5,375	5,375
Audit	3,437	5,313
	<u>245,736</u>	<u>307,988</u>

6. Fixed assets

	Computer equipment £
Cost	
At 1 August 2004 and at 31 July 2005	<u>16,126</u>
Depreciation	
At 1 August 2004	10,751
Charge for the year	5,375
At 31 July 2005	<u>16,126</u>
Net book value	
At 31 July 2005	<u>-</u>
At 1 August 2004	<u>5,375</u>

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2005 (continued)

7. Debtors

	2005 £	2004 £
Accrued income	271,842	-
Amounts owed by London Business School	-	70,656
Other debtors	5,325	29,487
	<u>277,167</u>	<u>100,143</u>

8. Creditors: amounts falling due within one year

	2005 £	2004 £
Overdraft at bank	30,485	-
Trade creditors	41,490	89,490
Amounts owed to The Centre for Scientific Enterprise Limited	11,733	8,287
Amounts owed to London Business School	119,018	-
Other creditors	38,267	42,349
	<u>240,993</u>	<u>140,126</u>

9. Restricted funds

	Balance at 1 August 2004 £	Incoming resources £	Outgoing resources £	Balance at 31 July 2005 £
LIRC	55,268	687,571	(765,486)	(22,647)
	<u>55,268</u>	<u>687,571</u>	<u>(765,486)</u>	<u>(22,647)</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 as at 31 July 2005 arises due to costs being recovered in arrears. Costs incurred but not recovered during year ended 31 July 2005 will be claimed during year ended 31 July 2006.

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2005 (continued)

10. Employees

Staff costs in the year totalled £840,611 (2004: £633,131).

Earnings of higher paid staff	2005	2004
£50,000 - £59,999	1	1
£60,000 - £69,999	1	-
£70,000 - £79,999	-	1
£80,000 - £89,999	3	2
£110,000 - £119,999	1	1

Earnings of higher paid staff include salaries and pension costs before a share of the costs are allocated to the Centre for Scientific Enterprise Limited.

28% of the £100,000 - £119,999 employee salary is recharged to the Centre for Scientific Enterprise Ltd

Staff Numbers as at 31 July	2005	2004
Total number	<u>16</u>	<u>13</u>

11. Directors' remuneration

An amount of £3,743 (2004 - £5,957) was invoiced by Imperial College London in respect of Susan Searle for director's remunerations.

An amount of £nil (2004 - £5,957) was invoiced by Sussex Place Ventures Ltd in respect of John Bates for director's remunerations.

An amount of £nil (2004 - £5,957) was invoiced by University College London in respect of Jeff Skinner for director's remunerations.

An amount of £5,833 (2004 - £3,972) was invoiced by Kings College London in respect of Malcolm Sims for director's remunerations.

An amount of £3,500 (2004 - £1,986) was accrued for Kings College London in respect of Alison Campbell for director's remunerations.

London Technology Network Limited

Notes to the financial statements for the year ended 31 July 2005 (continued)

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 University College London.

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

During the year LTN paid University College London £3,817 for use of facilities (2004: £13,923 for management time). It also paid London Business School £136,012 (2004: £46,834) 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 are disclosed in Notes 7 and 8. Amounts owed to The Centre for Scientific Enterprise Limited 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.