



Kent MAN Limited
(A company limited by guarantee)
Annual report and accounts
for the year ended 31 July 2006

Registered Number 04416782

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for the year ended 31 July 2006
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Kent MAN Limited (a company limited by guarantee)

Directors and advisors

Directors as at the date of the approval of the accounts

Dr John Shemilt (Chair of Board)

Dr Robin Baker CMG

Mr Alan Broadaway

Dr Keith Gwilym

Mr Mike Hibbert

Mr Paul Kentish

Mr Grahame Ward

Secretary

Mr Martin Tallontire

Auditors

PricewaterhouseCoopers LLP

First Point

Buckingham Gate

Gatwick

RH6 0PP

Solicitors

Vertex Law LLP

39 Kings Hill Avenue

Kings Hill

West Malling

Kent ME19 4SD

Registered office

Canterbury Christ Church University

North Holmes Road

Canterbury

Kent

CT1 1QU

Registered number

04416782

Kent MAN Limited (a company limited by guarantee)

Directors' report for the year ended 31 July 2006

The directors present their report and the audited financial statements of the company for the year ended 31 July 2006.

Legal status

The company is limited by guarantee. The members of the company are Higher Education Institutions in Kent, and from 15 November 2006, Kent County Council.

Principal activities

The principal activity of the company is the provision of network facilities for further and higher education institutions in Kent.

Review of business and future developments

The directors consider the company's performance for the year and its financial position at the year end to satisfactory.

During the past financial year the development of the Kentish MAN network has continued according to its Business Plan. The core network has now been entirely replaced and this has reduced the risks associated with the operation of wireless links. All risks of running the network are constantly under review and give weight to priorities when making proposals for funding to improve or extend the infrastructure. The Executive Committee reviews the risk register regularly and reports to the Board on its recommendations.

The contract with UKERNA (RPAN contract) to provide services to nominated sites is to be extended until 30 September 2008 in the form of RPAN 2.5. Meanwhile discussions are underway for the drafting of a replacement contract (RPAN 3) which will introduce a new funding model and increase the demands placed upon the company to provide the services for UKERNA.

Results for the year

The company's expenditure equalled the income received during the year.

Directors and their interests

The directors who held office during the year and subsequently are given below:

Dr John Shemilt (Chair of Board)

Professor Christopher Bounds (resigned 31 December 2005)

Dr Robin Baker CMG (appointed 1 August 2006)

Mr Adrian Bradish (resigned 1 November 2006)

Mr Alan Broadaway (appointed 1 November 2006)

Professor Phillip Davies (appointed 1 August 2005, resigned 1 August 2006)

Dr Keith Gwilym (appointed 1 January 2006)

Mr Mike Hibbert (appointed 10 January 2006)

Mr Paul Kentish

Mr Keith Mander (resigned 1 August 2005)

Mr Richard Mingo (resigned 9 January 2006)

Mr Grahame Ward (appointed 15 November 2006).

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Use of Public Funds

The directors confirm that payments received either directly or through UKERNA from the higher and further education funding councils have been applied for the purposes for which they were provided.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. The directors are required to 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 suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2006 and that applicable accounting standards have been followed.

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.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 15 February 2007 and signed on its behalf by:

Dr John Shemilt
Chairman

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Independent auditors' report to the members of Kent Man Limited

We have audited the financial statements of Kent Man Limited which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

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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, of the state of the company's affairs as at 31 July 2006 and of its result 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.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Gatwick

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Profit and loss account for the year ended 31 July 2006

	Note	Year to 31 July 2006	Year to 31 July 2005
		£	£
Turnover – continuing operations	2	1,154,721	1,521,611
Administration expenses		(1,154,721)	(1,521,611)
Profit on ordinary activities before taxation	3	-	-
Tax on profit on ordinary activities	6	-	-
Retained profit for the financial year	11	-	-

All results relate to continuing activities.

The company has no recognised gains or losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the result for the year stated above and their historical cost equivalents.

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Balance sheet as at 31 July 2006

	Note	2006	2005
		£	£
Fixed assets			
Computer equipment	7	242,598	305,948
Current assets			
Debtors	8	453,035	235,488
Cash at bank and in hand		-	-
Creditors: amounts falling due within one year	9	(644,759)	(496,138)
Net current liabilities		(191,724)	(260,650)
Total assets less current liabilities		50,874	45,298
Creditors: amounts falling due after more than one year	10	(50,874)	(45,298)
Net Assets		-	-
Capital and reserves			
Profit and loss account	11	-	-
Total funds		-	-

The financial statements were approved by the board of directors on 15 February 2007 and were signed on its behalf by:

Dr John Shemilt
Director

Kent MAN Limited (a company limited by guarantee)

Notes to the financial statements for the year ended 31 July 2006

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

Research and development

The company had no expenditure on Research & Development in the year to 31 July 2006.

Fixed Assets

Fixed assets consist entirely of computer hardware and software, and are depreciated on a straight line basis over 4 years.

Government Grants

Grants received to finance the purchase of fixed assets are treated as deferred capital grants and amortised to the profit and loss account over the useful economic life of the related asset to offset the depreciation charge on the assets acquired. The amortisation of deferred capital grants to the profit and loss account is reflected within turnover. Grants received to finance the purchase of revenue assets are treated as revenue grants, being released to the profit and loss account when expenditure is incurred. Grants received but not allocated for the period are disclosed within the Creditors figure.

Cash flow statement

During the years ended 31 July 2005 and 2006, the company qualifies as a small company in accordance with the conditions and size criteria as stipulated in the Companies Act 1985. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996).

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2 Turnover

Turnover and profit are attributable to one class of business activity of the company undertaken in the United Kingdom. Turnover consists of:

	Year to 31 July 2006	Year to 31 July 2005
	£	£
Amortisation of deferred capital grants	47,098	21,522
Grant funding	819,991	1,420,456
Membership subscriptions	205,565	69,850
Transit charge receipts	81,960	9,017
Miscellaneous receipts	107	766
	1,154,721	1,521,611

3 Profit on ordinary activities before taxation

	Year to 31 July 2006	Year to 31 July 2005
	£	£
Profit on ordinary activities before taxation is stated after charging		
Depreciation	92,838	56,807
Directors liability insurance	1,575	1,575
Auditors' fees	3,400	3,200

Fees paid to PricewaterhouseCoopers LLP for non-audit services in the UK were £nil (2004: £nil)

4 Directors' emoluments

None of the directors received emoluments during the year.

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5 Employee information

The company did not employ any members of staff during the year.

6 Tax on profit on ordinary activities

	Year to 31 July 2006	Year to 31 July 2005
	£	£
(a) Analysis of charge in the period		
<u>Current tax:</u>		
UK corporation tax on profits for the period	-	-
Total current tax (note b)	-	-
<u>Deferred tax:</u>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

(b) Factors affecting tax charge for the period

The tax charge for the period is lower (2004/5: lower) than the standard rate of corporation tax in the UK (30%) (2004/5: 30%). The differences are explained below:

	Year to 31 July 2006	Year to 31 July 2005
	£	£
Surplus / (loss) on ordinary activities before covenant payment	-	-
Surplus / (loss) on ordinary activities multiplied by the standard rate of corporation tax	-	-
Effects of:		
Capital allowances less than depreciation charge for the year	34,038	-
Losses not recognised	(34,038)	-
Current tax charge for the period (note a)	-	-

(c) Factors affecting future tax charges

The company is non profit making and so is unlikely to incur a current tax charge for the foreseeable future

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7 Fixed assets

	Computer Equipment
	£
Cost as at 1 August 2005	366,829
Additions	53,934
Disposals	(48,892)
Cost as at 31 July 2006	371,871
Accumulated depreciation as at 1 August 2005	60,881
Charge for year	92,838
Disposals	(24,446)
Accumulated depreciation as at 31 July 2006	129,273
Net book value at 31 July 2005	305,948
Net book value at 31 July 2006	242,598

8 Debtors

	2006	2005
	£	£
VAT	3,610	546
Other debtors	32,417	15,892
Canterbury Christ Church University	36,122	131,167
Prepayments and accrued income	380,886	87,883
	453,035	235,488

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9 Creditors – amounts falling due within one year

	2006	2005
	£	£
VAT	-	-
Accruals and deferred income	351,337	252,742
Deferred revenue grants	268,530	219,764
Deferred capital grants due in less than one year	24,892	23,632
	644,759	496,138

10 Creditors – amounts falling due after more than one year

	2006	2005
	£	£
Deferred Capital Grants	50,874	45,298

11 Reserves

	Profit and loss account
	£
At 1 August 2005	-
Retained profit for the financial year	-
At 31 July 2006	-

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12 Control

No one party has overall control of the company.

13 Related party transactions

The company received income in the form of members subscriptions from the following organisations during the year:

	Year to 31 July 2006	Year to 31 July 2005
	£	£
Canterbury Christ Church University	64,662	35,412
Imperial College at Wye	17,977	11,588
University College for the Creative Arts at Canterbury, Epsom, Farnham, Maidstone & Rochester (Kent Institute of Art and Design in 2004/5)	51,930	38,059
University of Greenwich	68,906	22,176
University of Kent	51,930	32,765
	255,405	140,000

An amount of £119,989 (2004/5:£70,149) is included within accruals and deferred income to be allocated against expenditure in the following year. An amount of £70,149 (2004/5: £7,416) is included within membership subscriptions as part of turnover for 2005/6, but not shown in the table above as these were carried forward from the previous year.

Canterbury Christ Church University is contracted by Kent Man Limited to run its Network Operation Centre. Amounts totalling £147,653 (2004/5: £132,887) were made to Canterbury Christ Church University during the year for this service.

Kent Man Limited sold a fixed asset, a Juniper M10 router, to Canterbury Christ Church University on 31 March 2006 for £24,446. There was no loss or gain on disposal.