



Kent MAN Limited

(A company limited by guarantee)

Annual report and financial statements

for the year ended 31 July 2010

**Registered Number 04416782**

# **Kent MAN Limited (a company limited by guarantee)**

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# **Kent MAN Limited (a company limited by guarantee)**

## **Directors and advisors**

### **Directors**

Mr Alan Broadaway (Chair of Board to 31.12.10)

Dr John Shemilt (to 30.09.09)

Professor John Baldock

Dr Keith Gwilym

Mr Paul Kentish

Mr Grahame Ward (to 17.12.09)

Mr Peter Banbury (from 17.12.09)

Ms Vanessa Crane (from 01.01.10)

### **Company secretary**

Mrs Xanthia Ash (to 21.07.10)

Mr Dennis Summers (from 22.07.10)

### **Independent auditors**

Reeves & Co LLP

Chartered Accountants and Statutory Auditors

37 St Margaret's Street

Canterbury

Kent CT1 2TU

### **Solicitors**

Vertex Law LLP

23 Kings Hill Avenue

Kings Hill

West Malling

Kent ME19 4UA

### **Registered office**

Canterbury Christ Church University

Rochester House

St George's Place

Canterbury

Kent CT1 1UT

### **Registered number**

04416782

# **Kent MAN Limited (a company limited by guarantee)**

## **Directors' report for the year ended 31 July 2010**

The directors present their report and the audited financial statements of Kent MAN Limited for the year ended 31 July 2010.

### **Legal status**

The company is limited by guarantee. The members of the company are Higher Education Institutions in Kent and Kent County Council.

### **Directors**

A full list of directors of the company can be found on page 1 Directors and advisors.

### **Principal activities**

The principal activity of the company is the provision of network facilities for Further and Higher Education Institutions in Kent and Kent County Council.

### **Review of business, future developments and principal risks and uncertainties**

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

The company provides services to nominated sites under a contract with JANET(UK) known as the JANET Partner Agreement (JPA). Under this agreement the company presents itself as a JANET Partner when providing services for JANET(UK).

JANET(UK) manages the operation and development of JANET on behalf of JISC (Joint Information Systems Committee) for the UK Further and Higher Education Funding Councils. JISC also works in partnership with the Research Councils.

In September 2009, JANET(UK) gave notice that it would not be extending the JANET Partner Agreement beyond September 2011. It was agreed to transfer the company's network operations to the Kent Public Service Network (KPSN) during the first half of 2011. In April 2010 the company became a partner in KPSN to represent the interests of tertiary education in Kent.

Following the closure of the Wye campus of Imperial College London and arrangements for hosting the company's equipment, new network links with an increased capacity were installed between Maidstone and Canterbury and Maidstone and Chatham.

As a pilot project, the Board agreed to provide services to the Pilgrim's Hospice, linking its three sites in Ashford, Broadstairs and Canterbury and providing Internet connectivity via its commercial Internet connection.

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. A Disaster Recovery Plan has also been devised and is kept under review.

There is one key performance indicator identified in the current JANET(UK) contract that requires availability over a 12 month period of 99.7% (2009: 99.7%). Kent MAN Ltd achieved 99.99% (2009: 99.99%).

# **Kent MAN Limited (a company limited by guarantee)**

## **Directors' report for the year ended 31 July 2010 (continued)**

### **Results for the year**

The company's expenditure for the year was £1,449,197 (2009: £1,070,058) the income received during the year was £1,535,736 (2009: £1,120,058). Profit for the year was £69,903. (2009: £35,628).

Every member of the Company undertakes to contribute to cover any liabilities the company may incur in the event of its being wound up, however, on a going concern basis members are asked to contribute to any shortfall in funding through their membership subscriptions.

### **Use of Public Funds**

The directors confirm that payments received either directly or through JANET(UK) from the Higher and Further Education Funding Councils have been applied for the purposes for which they were provided.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period.

In preparing these 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;
- 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 they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Kent MAN Limited (a company limited by guarantee)**

## **Website**

The company has a website: <http://www.kentman.net.uk>. This website is used to publish documents under the Freedom of Information Act 2000, including confirmed minutes of its Board and Executive Committee and the Annual Report and Financial Statements.

## **Statement as to disclosure of information to auditors**

Each of the persons who are directors at the date of approval of this report confirms that so far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **Independent auditors**

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

The report has been prepared taking advantage of the small companies' exception in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors on 27 January 2011 and signed on its behalf by:

**Mr Peter Banbury**

**Director**

**Kent MAN Limited**

**Registered Number 04416782**

# **Kent MAN Limited (a company limited by guarantee)**

## **Independent auditors' report to the members of Kent MAN Limited**

We have audited the financial statements of Kent MAN Limited for the year ended 31 July 2010, set out in the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of director's responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# **Kent MAN Limited (a company limited by guarantee)**

## **Independent auditors' report to the members of Kent MAN Limited (continued)**

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare financial statements and the directors' report in accordance with the small company regime.

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of  
Reeves & Co LLP

Chartered Accountants  
Registered Auditors

37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

Date:

## Kent MAN Limited (a company limited by guarantee)

### Profit and loss account for the year ended 31 July 2010

	Note	2010	2009
		£	£
<b>Turnover</b>	2	<b>1,535,736</b>	1,120,058
Administration expenses		<b>1,449,197</b>	1,070,058
<b>Profit on ordinary activities before taxation</b>	3	<b>86,539</b>	50,000
Tax on profit on ordinary activities	5	<b>16,636</b>	14,372
<b>Profit for the financial year</b>	12	<b>69,903</b>	35,628

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.

# Kent MAN Limited (a company limited by guarantee)

## Balance sheet as at 31 July 2010

	Note	2010	2009
		£	£
<b>Fixed assets</b>			
Tangible assets	6	282,705	250,190
<b>Current assets</b>			
Debtors	8	551,939	565,263
<b>Creditors:</b> amounts falling due within one year	9	(569,804)	(600,030)
<b>Net current assets/(liabilities)</b>		<b>(17,865)</b>	<b>(34,767)</b>
<b>Total assets less current liabilities</b>		<b>264,840</b>	<b>215,423</b>
<b>Creditors:</b> amounts falling due after more than one year	10	(151,086)	(171,572)
<b>Net assets</b>		<b>113,754</b>	<b>43,851</b>
<b>Reserves</b>			
Profit and loss account	12	113,754	43,851
<b>Total funds</b>		<b>113,754</b>	<b>43,851</b>

The notes on pages 9 to 15 are integral to the financial statements.

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008).

The financial statements on pages 7 to 15 were approved by the board of directors on 27 January 2011 and signed on its behalf by:

**Mr Peter Banbury**

**Director**

**Kent MAN Limited**

**Registered Number 04416782**

# **Kent MAN Limited (a company limited by guarantee)**

## **Notes to the financial statements for the year ended 31 July 2010**

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, in accordance with Financial Reporting Standards for Smaller Entities (effective April 2008).

#### **Tangible Fixed Assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Tangible fixed assets consist entirely of computer equipment, and are depreciated on a straight line basis over four 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 year are disclosed within the Creditors figure.

#### **Cash flow statement**

During the years ended 31 July 2009 and 31 July 2010, the company qualifies as a small company in accordance with the conditions and size criteria as stipulated in the Companies Act 2006. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 'Cash flow statements (revised 1996)'.

#### **Turnover**

Turnover, excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Turnover is recognised in the month in which the invoice generating activity takes place. The whole of the companies' turnover is from activities within the UK.

#### **Income recognition**

Income received in respect of JANET(UK) JPA contract and other JANET funded projects is treated as deferred income and credited to the income and expenditure account over the period to which it relates or the terms of the contract have been satisfied.

#### **Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax liability is recognised as payable.

## **Kent MAN Limited (a company limited by guarantee)**

### **2 Turnover**

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amortisation of deferred capital grants	<b>83,833</b>	31,538
Grant funding	<b>1,271,512</b>	1,019,934
Membership subscriptions	<b>62,898</b>	68,586
Other services	<b>117,493</b>	-
	<b>1,535,736</b>	<b>1,120,058</b>

Member's subscriptions cover all operating expenses before tax following a long standing Board level agreement that the company will be a not-for-profit organisation.

### **3 Profit on ordinary activities before taxation**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation is stated after charging		
Depreciation	<b>87,770</b>	<b>62,219</b>
Directors liability insurance	<b>1,208</b>	<b>1,208</b>
External Auditors' fees	<b>3,400</b>	<b>4,000</b>

### **4 Directors' emoluments**

None of the directors received emoluments during the year (2009: £nil).

## Kent MAN Limited (a company limited by guarantee)

### 5 Tax on profit on ordinary activities

	2010	2009
	£	£
<b>(a) Analysis of charge in the year</b>		
<u>Current tax:</u>		
UK corporation tax on profits for the period	904	19,302
Total current tax (note b)	904	19,302
<u>Deferred tax:</u>		
Origination and reversal of timing differences	12,444	(5,302)
Effect of tax rate on opening deferred tax balance	3,288	372
Total deferred tax (note 8)	15,732	(4,930)
<b>Tax on profit on ordinary activities</b>	<b>16,636</b>	<b>14,372</b>

#### (b) Factors affecting tax charge for the year

The tax assessed for the period is lower (2009: higher) than the standard effective rate of corporation tax in the UK (21%) (2009: 28%). The differences are explained below:

	2010	2009
	£	£
<b>Profit / (loss) on ordinary activities before taxation</b>	<b>86,539</b>	<b>50,000</b>
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax	18,173	14,000
Effects of:		
Depreciation for the period in excess of capital allowances	-	5,302
Capital allowances in excess of depreciation	12,444	-
Adjustment in respect of previous years	(4,825)	-
<b>Current tax for the year (note a)</b>	<b>904</b>	<b>19,302</b>

#### (c) Factors affecting future tax charges

Based on current capital investment plans, the company expects to be able to claim capital allowances at a level lower to depreciation in future periods.

## Kent MAN Limited (a company limited by guarantee)

### 6 Tangible assets

	Computer Equipment
	£
Costs brought forward 1 August 2009	632,408
Additions during the year	120,285
<b>Cost as at 31 July 2010</b>	<b>752,693</b>
Accumulated depreciation as at 1 August 2009	382,218
Charge for year	87,770
<b>Accumulated depreciation as at 31 July 2010</b>	<b>469,988</b>
<b>Net book value at 31 July 2010</b>	<b>282,705</b>
Net book value at 31 July 2009	250,190

### 7 Deferred Tax Liability/Asset

	2010 provided	2010 unprovided	2009 provided	2009 unprovided
	£	£	£	£
Depreciation in excess of capital allowances	-	-	(13,153)	-
Losses	-	-	-	-
Capital allowances in excess of depreciation	2,579	-	-	-
<b>Deferred tax liability/(asset)</b>	<b>2,579</b>		<b>(13,153)</b>	-
Asset at start of period	(13,153)		(8,223)	
Deferred tax charge/(credit) in Profit & loss	15,732		(4,930)	
<b>Liability/(asset) at end of period</b>	<b>2,579</b>		<b>(13,153)</b>	

## Kent MAN Limited (a company limited by guarantee)

### 8 Debtors

	2010	2009
	£	£
Deferred tax asset	-	13,153
Value Added Tax	-	18,331
Other debtors	55,259	6,315
Related party debtors	358,374	59,906
Prepayments and accrued income	138,306	467,558
	<b>551,939</b>	<b>565,263</b>

### 9 Creditors: amounts falling due within one year

	2010	2009
	£	£
Deferred tax liability	2,579	-
Accruals	191,962	36,122
Value Added Tax	4,054	-
Deferred income	283,725	465,988
Corporation Tax	5,729	19,302
Deferred capital grants due in less than one year	81,755	78,618
	<b>569,804</b>	<b>600,030</b>

Amounts due to third parties are unsecured, interest free and repayable on demand.

## Kent MAN Limited (a company limited by guarantee)

### 10 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Deferred Capital Grants	151,086	171,572

### 11 Deferred Capital Grants

	Capital Grants
	£
Costs brought forward 1 August 2009	360,105
Additions during the year	66,485
Cost as at 31 July 2010	426,590
Accumulated amortisation as at 1 August 2009	109,915
Amount released to income	83,834
Accumulated amortisation as at 31 July 2010	193,749
<b>Net book value at 31 July 2010</b>	<b>232,841</b>
Net book value at 31 July 2009	250,190

### 12 Reserves

	Profit and loss account
	£
At 1 August 2009	43,851
Profit for the financial year	69,903
<b>At 31 July 2010</b>	<b>113,754</b>

## Kent MAN Limited (a company limited by guarantee)

### 13 Controlling party

No one party has overall control of the company.

### 14 Related party transactions

The company undertook transactions with related parties during the year. Imperial College London, University for the Creative Arts, University of Greenwich, University of Kent and Kent County Council are related parties of Kent Man Limited by virtue of their membership of the Kent MAN Limited board. JANET (UK) is the funding body of Kent MAN Limited and Canterbury Christ Church University are contracted by Kent MAN Limited to carry out the operations of the company.

The company paid expenditure and received income from the following related parties during the year:

	2010	2009
	£	£
<b>Canterbury Christ Church University</b> - income receivable	<b>13,267</b>	12,469
Expenditure payable	<b>241,832</b>	208,309
<b>Imperial College London</b> - income receivable	<b>1,082</b>	11,469
Expenditure payable	<b>833</b>	5,000
<b>University for the Creative Arts at Canterbury, Epsom, Farnham, Maidstone &amp; Rochester</b> - income receivable	<b>66,169</b>	16,388
<b>University of Greenwich</b> - income receivable	<b>13,267</b>	11,469
Expenditure payable	<b>15,000</b>	15,000
<b>University of Kent</b> - income receivable	<b>13,267</b>	25,662
Expenditure payable	<b>10,000</b>	8,500
<b>Kent County Council</b> - income receivable	<b>13,267</b>	11,469
Expenditure payable	<b>97,820</b>	58,509
<b>JANET (UK)</b> - income receivable	<b>1,065,763</b>	1,000,290

Canterbury Christ Church University is contracted by Kent MAN Limited to run its Network Operation Centre. Amounts totalling £241,832 (2009: £208,309) were made to Canterbury Christ Church University during the year for this service. Included within Kent MAN Limited debtors balance at 31 July 2010 is £335,122 (2009: £38,727) due from Canterbury Christ Church University. Other related party debtor balances totalled £23,252 (2009:£21,179).

The University for the Creative Arts at Canterbury, Epsom, Farnham, Maidstone & Rochester ceased to be members of the Board of Kent MAN Limited on 15 February 2008 and subsequently rejoined the Board of Kent MAN Limited on 1 January 2010.

Imperial College London ceased to be a member of the Board of Kent MAN Ltd on 29 September 2009.