Kent MAN Limited

(A company limited by guarantee)

Annual report and accounts

for the year ended 31 July 2008

Registered Number 04416782

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for the year ended 31 July 2008

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Directors and advisors

Directors
Dr John Shemilt (Chair of Board)
Professor John Baldock
Mr Alan Broadaway
Dr Keith Gwilym
Mr Mike Hibbert (resigned 15 February 2008)
Mr Paul Kentish
Mr Grahame Ward

Company secretary
Mrs Xanthia Ash

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
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 2008

The directors present their report and the audited financial statements of the company for the year ended 31 July 2008.

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.

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 contract with JANET(UK) (RPAN 2.5 contract) to provide services to nominated sites has been replaced from 1 October 2008 by the JANET Partner Agreement (JPA). This will introduce a new funding model and require the company to present itself as a JANET Partner when providing services for JANET(UK). A new Memorandum of Agreement with Canterbury Christ Church University to provide the Network Operations Centre and Support Services has come into effect from the same date.

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.

During the past financial year the development of the Kentish MAN network has continued according to its Business Plan. Links to most Further Education colleges have been upgraded. A link to provide commercial Internet transit has been established. This allows Members to provide services which are not formally covered by the JANET Acceptable Usage Policy. The first of these was the provision of Internet connectivity to the Lambeth Conference by the University of Kent. The core of the network is due for reprocurement in 2009 and a Working Group has been set up to review the market and make recommendations to the Board on the procurement process.

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 Risk Register is in the process of revision pending further improvements to the infrastructure. A Disaster Recovery Plan has also been devised and is currently under review.

There are two key performance indicators identified in the current JANET(UK) contract. The first is a requirement of availability over a 12 month period of 99.0%. Kent MAN Ltd achieved 99.94%.
The second requirement is a maximum failure rate over a 12 month period of less than 1.0 failure per 1000 hours. Kent MAN Ltd achieved 0.085 failures per 1000 hours.

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Results for the year
The company's expenditure equalled the income received during the year. A profit of £8,223 has been seen as a result of the recognition of a previously unprovided deferred tax asset. No dividends were paid or proposed for the year (2007: nil).

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 Annual 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). The financial statements are required by law to 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 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

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.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all steps that he ought to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Independent 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.

The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board of Directors on 26 February 2009 and signed on its behalf by:

Dr John Shemilt
Director

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 2008 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
The directors' responsibilities for preparing 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). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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 2008 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
Date

Kent MAN Limited (a company limited by guarantee)

Profit and loss account for the year ended 31 July 2008

	Note	2008	2007
		£	**£**
Turnover	2	**1,080,479**	1,350,065
Administration expenses		**(1,080,479)**	(1,350,065)
Profit on ordinary activities before taxation	3	**-**	-
Tax on profit on ordinary activities	6	**8,223**	-
Profit for the financial year	13	**8,223**	-

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 2008

	Note	2008	2007
		£	**£**
Fixed assets			
Tangible assets	7	**115,653**	213,411
Current assets			
Debtors	9	**460,044**	447,467
Creditors: amounts falling due within one year	10	**(514,040)**	(571,116)
Net current liabilities		**(53,996)**	(123,649)
Total assets less current liabilities		**61,657**	89,762
Creditors: amounts falling due after more than one year	11	**(53,434)**	(89,762)
Net assets		**8,223**	-
Reserves			
Profit and loss account	13	**8,223**	-
Total funds		**8,223**	-

The notes on pages 8 to 14 are integral to the financial statements

The financial statements on pages 6 to 14 were approved by the board of directors on 26 February 2009 and 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 2008

1 Accounting policies

These financial statements are prepared on the going concern basis, and in accordance with the Companies Act 1985 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.

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 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 year are disclosed within the Creditors figure.

Cash flow statement

During the years ended 31 July 2007 and 31 July 2008, 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 cash flow statement under the terms of Financial Reporting Standard 1 ‘Cash flow statements’ (revised 1996).

Turnover

Turnover, which 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.

Income recognition

Income received in respect of JANET(UK) RPAN 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 asset is recognised as recoverable.

2 Turnover

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

	2008	**2007**
	£	**£**
Amortisation of deferred capital grants	**29,682**	24,892
Grant funding	**574,667**	821,933
Membership subscriptions	**476,130**	476,380
Transit charge receipts	**-**	26,445
Miscellaneous receipts	**-**	415
	1,080,479	1,350,065

Members 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

	2008	**2007**
	£	**£**
Profit on ordinary activities before taxation is stated after charging		
Depreciation	**97,758**	92,968
Directors liability insurance	**1,208**	1,738
Auditors' fees	**3,550**	3,550

4 Directors' emoluments

None of the directors received emoluments during the year (2007: £nil).

5 Employee information

The company did not employ any members of staff during the year (2007: none).

6 Tax on profit on ordinary activities

	2008	2007
	£	£
(a) Analysis of charge in the year		
Current tax:		
UK corporation tax on profits for the period	-	-
Total current tax (note b)	-	-
Deferred tax:		
Origination and reversal of timing differences	**(8,410)**	-
Effect of tax rate on opening deferred tax balance	**187**	-
Total deferred tax	**(8,223)**	-
Tax on profit on ordinary activities	**(8,223)**	-

(b) Factors affecting tax charge for the year
The tax charge for the year is lower (2007: the same) than the standard rate of corporation tax in the UK (29.3%) (2007: 30%). The differences are explained below:

	2008	2007
	£	£
Profit / (loss) on ordinary activities before taxation	-	-
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax	-	-
Effects of:		
Depreciation for the period in excess of capital allowances	**14,725**	25,528
Change in tax rate	**150**	-
Losses not recognised	**(14,875)**	(25,528)
Current tax for the year (note a)	-	-

(c) Factors affecting future tax charges

The rate of corporation tax reduced from 30% to 28% on 1 April 2008. The rate shown for 2008 (29.33%) is a pro rata calculation for the proportion of the tax year. Based on current capital investment plans the company expects depreciation to continue to be in excess of capital allowances, thus presenting a deferred tax asset.

7 Tangible assets

	Computer Equipment **£**
Cost as at 1 August 2007 and 31 July 2008	435,652
Accumulated depreciation as at 1 August 2007	222,241
Charge for year	97,758
Accumulated depreciation as at 31 July 2008	**319,999**
Net book value at 31 July 2008	**115,653**
Net book value at 31 July 2007	213,411

8 Deferred Tax Asset

	2008 provided	**2008 unprovided**	**2007 provided**	**2007 unprovided**
	£	**£**	**£**	**£**
Depreciation in excess of capital allowances	**(8,223)**	-	-	6,652
Losses	**-**	-	-	(15,062)
Deferred tax asset	**(8,223)**	-	-	(8,410)
Asset at start of period	**-**		-	
Deferred tax credit in Profit & loss account	**(8,223)**		-	
Asset at end of period	**(8,223)**		-	

9 Debtors

	2008	2007
	£	**£**
Deferred tax asset	**8,223**	-
Value Added Tax	**6,106**	32,144
Other debtors	**111,356**	50,975
Prepayments and accrued income	**334,359**	364,348
	460,044	447,467

10 Creditors: amounts falling due within one year

	2008	2007 (restated)
	£	**£**
Amounts owed to third parties	**102,180**	86,096
Accruals	**102,145**	127,412
Trade Creditors	**1,088**	-
Deferred income	**277,089**	332,716
Deferred capital grants due in less than one year	**31,538**	24,892
	514,040	571,116

2007 accounts have been restated for £110,975 of member's income contributions relating to 06/07 which were deferred. This was previously shown within Accruals and has now been moved to Deferred Income.

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

11 Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Deferred Capital Grants	**53,434**	89,762

12 Deferred Capital Grants

	Capital Grants
	£
Cost as at 1 August 2007 and 31 July 2008	163,349
Accumulated amortisation as at 1 August 2007	48,695
Amount released to income	29,682
Accumulated amortisation as at 31 July 2008	**78,377**
Net book value at 31 July 2008	**84,972**
Net book value at 31 July 2007	114,654

13 Reserves

	Profit and loss account
	£
At 1 August 2007	-
Profit for the financial year	**8,223**
At 31 July 2008	**8,223**

14 Controlling party

No one party has overall control of the company.

15 Related party transactions

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

	2008	2007
	£	**£**
Canterbury Christ Church University	**87,526**	99,996
Imperial College at Wye	**23,340**	27,399
University College for the Creative Arts at Canterbury, Epsom, Farnham, Maidstone & Rochester (Kent Institute of Art and Design in 2004/5)	**32,126**	80,197
University of Greenwich	**93,361**	106,596
University of Kent	**46,680**	53,797
Kent County Council	**93,361**	99,381
	376,394	467,366

An amount of £11,240 (2007:£110,975) is included within accruals and deferred income to be allocated against expenditure in the following year. An amount of £110,975 (2007: £119,989) is included within membership subscriptions as part of turnover for 2008, 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 £185,000 (2007: £185,000) were made to Canterbury Christ Church University during the year for this service.

Included within Kent MAN creditor balance at 31 July 2008 is £102,180 (2007: £86,096) owed to Canterbury Christ Church University.