



DANTE ANNUAL REPORT

1993/1994

Delivery of Advanced Network Technology to Europe Limited

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A Word from the Chairman of the Board, Klaus Ullmann



The creation of a new company, particularly a company operating on a Europe-wide basis, is always a challenging and exciting activity. This first "Report and Accounts" of DANTE indicates the very real progress that has been made in the professional organisation of Networking. In the last twelve months DANTE has progressed from being a concept to being an operational company with a staff of 8 people and a turnover in its first year of more than 2.2 MECU.

Nationally, researchers have for some time been able to exploit data networking to assist them. The creation of DANTE will ensure that increasingly pan-European facilities will match the best available on a national basis. The success of EuropaNET is an excellent example; it has rapidly become 'the' European backbone network for researchers and is a major part of the global Internet.

Europe has to provide its researchers with network services that will enhance their performance and their ability to compete. The benchmark set today by the USA is indeed challenging and Europe is some way behind the USA in terms of network facilities for researchers. Nevertheless the EuroCAIRN activity, where DANTE has the key role of specifying the requirements for the next generation of network for research, gives Europe an excellent opportunity to exploit its investment in telecommunications development.

Increased cohesion in the European research network community acted as a spur for the creation of DANTE. Now the national research networks can effectively work towards their shared goal: the creation of world class telecommunications facilities for European researchers - within the foreseeable future.

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The creation of DANTE

After two years of preparations DANTE was launched on 6 July 1993 at St John's College in Cambridge. The mandate of the company:

"... to rationalize the management of otherwise fragmented, uncoordinated, expensive and inefficient transnational services and operational facilities." [1].

During the first year of DANTE's existence RARE, the European Association of Research Networks that played a crucial role in the setting-up of the company, was the legal owner and only shareholder. 25 March 1994 was an historic day for DANTE: the ownership of the company was formally transferred to the shareholders while RARE was discharged of all responsibility for the company (Annex 1 contains a list of shareholders who have signed the shareholders agreement that came into effect on 25 March).

[1] Towards a Single European Infrastructure. Final Report, 1992, Annex 5 (p.50)

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DANTE staff, a multinational team

Starting the company from scratch meant the recruitment of a brand new group of staff.

Howard Davies (GB), previously director of the Computer Unit of Exeter University and Dai Davies (GB), previously director of the COSINE Project Management Unit, have been jointly responsible for general management: technical, commercial, and internal. Selecting a company name and office, buying desks, chairs and computers - the office in Cambridge was nothing more than a large empty space in July 1993 - recruiting personnel, as well as setting up commercial and financial procedures were some of the first issues to be taken on.

Most other staff members started work in October or November 1993.

Tim Streater (GB) has been employed as Senior Network Engineer since mid-October 1993. Previously, he worked in the US for 12 years at Stanford Linear Accelerator Center (SLAC). He joined Michael Behringer (DE), Network Engineer. Michael graduated from the Technical University of Munich as Diplom-Informatiker in 1993.

In the Operations Department Jan van der Ven (NL), formerly working for SITA, the international airline network, held the position of Senior Operations Engineer from 1 October 1993. He was joined by David Barham (GB), Operations Engineer, in February 1994.

Marko Kaittola (FIN) started work as Senior Applications Engineer at the end of November 1993. Marko previously worked for FUNET, the Finnish research network, as Senior System Analyst. Marta Capdevila (ES), Applications Engineer, who worked for ESA (Italy) the previous year, was heavily involved in the pioneering phase as she had been employed since September 1993.

Josefien Bersee (NL), Customer/Public Relations Manager, joined DANTE in October 1993. She worked at the RARE Secretariat in Amsterdam as a Publicity Officer before moving to Cambridge.

Heather Wilkin (GB) has been holding the position of Secretary/Administrator since December 1993. She had already been involved in the company's start-up activities on a freelance basis. Jane Beavis was recruited as secretary/administrator in January 1994 to complement Heather.



DANTE staff in August 1994. From left to right: Michel Behringer, Josefien Bersee, Marko Kaittola, Tim Streater, Heather Wilkin, Jane Beavis, Dai Davies, Howard Davies.

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External expertise

DANTE has sought complementary expertise from the European networking community whenever appropriate.

The DANTE Technical Advisory Group (TAG) was set up in February 1994 to provide the company with advice on the technical aspects of current and future operational network services. The initial TAG consists of Erik-Jan Bos (SURFnet), Thomas Brunner (SWITCH), Bob Day (UKERNA), and Olivier Martin (CERN).

Maria Pallares has been working as a consultant for DANTE on EuropaNET and applications issues. Previously, she worked for the interim-CPMU and CPMU. Chris Broomfield acted as liaison between the EC PHARE Programme and DANTE/Unisource Business Networks on EuropaNET backbone connectivity in the CEE countries.

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EuropaNET: worldwide connectivity for the European research networks

EuropaNET, the international network service, constitutes DANTE's core business. Creating a serious commercial environment, setting up organisational and financial procedures, addressing customers' requirements and problems, improving existing intercontinental connectivity arrangements, and liaising with an increasing range of customers, operators and interested parties took up most of the time of most of the staff in this initial year.

The liaison with Unisource Business Networks, operator of the European backbone part of EuropaNET, has been of foremost importance.

EuropaNET has strengthened its position, both in Europe and worldwide; it has grown, in both size and quality, and it is now the largest pan-European backbone for research in Europe. Networks in other continents, i.e. North America and Asia, have expressed their interest to interconnect with EuropaNET.

Industry also expressed a growing interest in EuropaNET, in particular two Europe-wide science park interconnection projects, which have sought DANTE's cooperation and advice.

Developing the European backbone

Six national networks (Belgium, Germany, Italy, Netherlands, Spain, United Kingdom) had 2 Mbps connections to EuropaNET by the end of March 1994, while many other national networks and international research organisations had connections at lower speeds. Subsequently NORDUnet has subscribed for a 2 Mbps access. The exponential growth of the Internet is reflected in the increased share of IP connections in the European multi-protocol backbone (see Annex 2 for an overview of current Access Ports).

Gateways

DANTE has ensured access to other countries and services for its customers by the setting up of a series of interconnect arrangements. Two arrangements were negotiated with Ebone; in the second half of 1993, two 512 kbps gateways to Ebone were established and operated, one in London, and the other in Amsterdam. From 1 January 1994, DANTE acted on behalf of a number of other EuropaNET-connected networks as an Ebone partner with 1.5 Mbps access to Ebone in Amsterdam.

Connectivity in Central and Eastern Europe

DANTE has played an active role in the CEE region by its contribution to the EC PHARE programme. The company arranged for the original EuropaNET X.25 access interfaces to be changed to native IP connections, and also gave these countries access to its US links.

In cooperation with CEENet, the Central and Eastern European Networking Association set up in

January 1994, DANTE prepared a plan for the further development of international connectivity in Central and Eastern Europe.

Intercontinental connectivity

DANTE has put considerable effort into rationalising and extending existing connectivity to the USA. A 2 Mbps transatlantic link was ordered between Amsterdam and the Washington GIX in November 1993; with this line DANTE has provided US connectivity to networks such as ARIADNET (Greece), RedIRIS (Spain) and SURFnet (Netherlands).

In December 1993 SWITCH (Switzerland) purchased its US connectivity - as well as an increase in capacity for its European traffic - via DANTE, while CERN (Geneva) decided to acquire 1024 kbps of global connectivity from EuropaNET. DANTE acquired a second transatlantic line, at T1 speed (1536 kbps), between Washington and the CERN site which has been operational since 1 January 1994.

A contract for the provision of a 64 kbps line between EuropaNET and KREONet the Korean research network, was signed between DANTE and the CEC in February 1994.

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Setting up a high-speed backbone: the EuroCAIRN project

DANTE became actively involved in one of the most exciting recent European networking initiatives: EuroCAIRN (European Co-operation for Academic and Industrial Research Networking), Eureka Project 1061, aims to establish a high speed network infrastructure for the European research community.

In February 1994 the EuroCAIRN committee approved DANTE's proposal for the production of a complete specification of the requirements and organisational and commercial options for the establishment a high-speed backbone for the research community in Europe.

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FLOWservices: international applications

In the Applications area DANTE has been working on several issues over the past year. This area is particularly challenging as many international services are already available free of charge (or on a project basis) and in a distributed context, which complicates international coordination.

MailFLOW: continuation of a well-established service

In 1993 DANTE took over the management of the existing MHS Coordination Service, provided under contract with SWITCH. This transition passed smoothly.

PARADISE - NameFLOW: from pilot to service

The last phase of the PARADISE Project, which had the remit to pilot a coordinated international directory service for the European research community based on X.500, concluded in May 1994. DANTE prepared for the continuation of PARADISE under the name NameFLOW.

Information services - InfoFLOW: the challenge to add value

The main issue in this area is to define which role DANTE should or could play in offering pan-European information services - not yet available from other sources (and commercially viable). In parallel, the future possibilities of DISCUS, the former CONCISE Service have been addressed.

DISCUS

In March 1994 CONCISE, the information server set up as part of the COSINE project, was renamed DISCUS. A new name was introduced to mark the beginning of a new period in which DANTE has taken over responsibility for the Service. DANTE and Level-7, the Service Operator, have been looking at the options for continuing DISCUS after 1994, when EC funding will come to an end.

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Customer relations and publicity: spreading the word about DANTE

This initial period has been used to raise awareness and interest in DANTE's activities. Customers, the press and the general public have been addressed through various means.

A corporate brochure and a topology map of EuropaNET (as of January 1994) were produced and distributed to around 4000 people with an interest in research networking, largely in Europe. 1000 poster-size maps have also been produced and distributed - mainly on request - as well as a limited edition of 50 larger sized posters for shareholders and customers.

A Gopher server was set up offering information on the company, staff and services.

The bi-monthly electronic news bulletin, 'The Works of DANTE' has proved popular; besides distributing it to a number of lists in the networking community, more than 400 individual subscribers receive it.

Articles on DANTE, both submitted and requested, have been published in journals such as I&T Magazine (EC DG-XIII), ConneXions, ISOC News (Internet Society), and The Economist. A couple of press releases have been sent out, i.e. on the EuroCAIRN contract.

Howard Davies and Dai Davies held presentations on DANTE on numerous occasions and events, including the RARE High Speed Symposium in Brussels and the RARE/NATO Workshop in Budapest.

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Issues and Highlights since March 1994

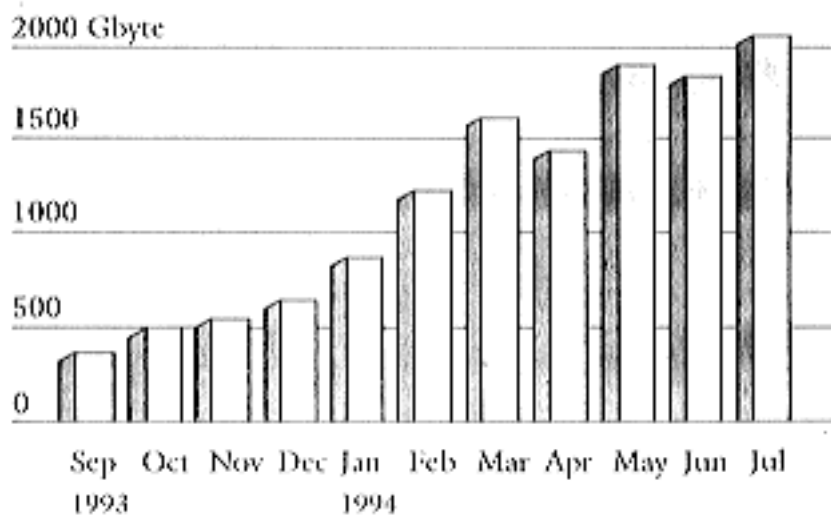
The EuroCAIRN contract

In May 1994 DANTE was officially awarded the EuroCAIRN contract. Under this contract DANTE has started work on a Study Report that will make concrete proposals for the immediate procurement of a 'Superhighway' for research in Europe. DANTE will present a preliminary version of the Study Report in November 1994, while the final version has to be ready in March 1995.

The project team consists of DANTE employees and a small group of leading European experts. Maria Pallares has been appointed as Project Manager. Chris Broomfield is also a member of the team. In addition, DANTE was delighted that two more well-known experts, Robert Cooper (UKERNA, SuperJANET) and Bernhard Stockman (KTH, Stockholm) agreed to join. Istvan Tetenyi, from HUNGARNET (Hungary), will be joining the team in October 1994.

EuropaNET

Discussions on the future of EMPB with Unisource have become a high priority issue for DANTE over the past few months. The current umbrella contract with PTT Telecom expires on 30 September 1995, and DANTE will make sure that customers receive a reasonably priced, high-quality service afterwards as well.



EuropaNET Backbone: Total Traffic (In and Out)

Since 1 July 1994 NORDUnet has had a 2Mbps connection to EuropaNET. Austria also complemented its X.25 connection with an IP connection in April 1994. France is now the only country left in Western Europe without any connection to EuropaNET. However, France can still be accessed via a new gateway arrangement organised by DANTE for the second half of 1994. The interconnection (512 kbps) between Ebone and EuropaNET is located in Geneva but traffic flows in and out of EMPB through DANTE's Point of Presence (PoP) in Amsterdam. An interconnect

agreement with EUnet has also been in place since Summer 1994.

A particularly rewarding activity was the organisation of an upgrade from 64 kbps to 512 kbps of the existing EuropaNET connection in Prague, on the occasion of the Workshop for Technically Emerging Countries and the INET'94/JENC5 conference in June 1994. The upgrade ensured trouble-free communications within Europe and to the US for the hundreds of attendees at both events. The line upgrade has remained in place since.

In June 1994 DANTE announced a major increase in its total connectivity to the US from 3.5 to 10 Mbps. A new 8 Mbps link will constitute the largest link between the US and the European part of the Internet research backbone. The capacity increase will be used to support traffic growth as a result of the deployment of high speed networks in some European countries, in particular The Netherlands. The increase involves implementing an 8 Mbps line between Amsterdam and New York. SURFnet, the Dutch national research network, will be the first customer to benefit from the 8 Mbps intercontinental connectivity.

In addition to North America DANTE is now working to provide interconnectivity to Southeast Asia as well. The 64 kbps line between EuropaNET and KREONet, the Korean research network, has become operational on 8 August 1994. It is the first direct link between the European research community and an R&D network in the Pacific Rim. Furthermore DANTE is involved in the setting up of an interconnect arrangement with Japan.

FLOWservices

In April 1994 DANTE issued an open Call for Tender for the provision of MailFLOW in 1995. Its purpose was twofold: on the one hand to give other providers a chance to step forward and on the other hand to introduce a competitive element in the Service provision. A small group of experts is currently evaluating the tender results, the deadline for which was 30 June 1994.

In May 1994 the last phase of PARADISE, funded under the EC VALUE programme, came to an end. DANTE is responsible for the next phase, where the pilot should be converted into an operational service. After a few rounds of proposals and some lively debate agreement has now been reached on an initial set of activities. DANTE has appointed a small team of X.500 experts to provide advice and support where necessary.

DANTE has presented a first proposal for the setting up of a coordinated Information Service, InfoFLOW, at the RARE WG-ISUS meeting in Prague (June 1994). Reactions to this proposal were mixed. On the one hand a requirement for some coordination effort in the ever increasing load of information on the network was recognised, on the other hand doubts were raised on the feasibility of setting up one central point to provide such coordination.

With regard to DISCUS DANTE and Level-7 are preparing a market survey to find out if it is feasible to set up a self-sustaining service for international user groups, which would provide a central data store and e-mail distribution list and archiving facilities.

Customer relations and publicity

DANTE set up and launched its WWW server in August 1994. It will be an important medium for DANTE to 'communicate' with its customers and the general public.

Furthermore a DANTE stand could be visited at INET'95/JENC5 in Prague. The event offered DANTE an excellent opportunity to obtain more visibility in the networking community. Hundreds of people visited the stand, documentation was handed out while personal contacts were established or reinforced.

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Annex 1 DANTE Shareholders - August 1994

ARIADNET	Greece
ARNES	Slovenia
CNUCE	Italy
DFN	Germany
FCCN	Portugal
HEFCE	United Kingdom
HUNGARNET	Hungary
NORDUnet	Nordic countries
RedIRIS	Spain
SURFnet	Netherlands
SWITCH	Switzerland

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Annex 2 EuropaNET (Backbone) Access Ports - July 1994

Country	Network	Capacity (kbps)	Services
Austria	ACONET	64	IP
Belgium	BELNET-IP	1984	IP
	CEC	64	X.25
	DCS	64	X.25
	JRC-GEEL	64	X.25
	RESULB	64	X.25, IP
	Czech Rep.	CESNET	512
Denmark	DATAPAK	64	X.25
Germany	WIN	2048	X.25, IP, CLNS
Greece	ARIADNET	64	X.25, IP, CLNS
	HELLASPAC	64	X.25
Hungary	HUNGARNET	64	IP
	BMENET	64	IP
	PLEASE	64	X.25
Ireland	HEANET	64	X.25, IP
Italy	GARR-IP	2048	IP
	GARR	64	X.25
	JRC/ISPRA	64	X.25
Luxembourg	RESTENA	64	X.25, IP
	LUXPAC	64	X.25
Netherlands	SURFNET-IP	1984	IP
	SURFNET	64	X.25, CLNS
	AMS-GWY	1984	IP
	DN1	64	X.25
	ESAPAC	64	X.25
Portugal	RCCN-IP	64	IP
	RCCN	64	X.25, IP, CLNS
	TELEPAC	64	X.25
Romania	ICI	9.6	X.25
	PUB	9.6	X.25, IP
Slovenia	ARNES	128	X.25, IP
	SIPAX.25	64	X.25
Spain	REDIRIS	2048	X.25, IP, CLNS
	IBERPAC	64	X.25
Sweden	NORD-IP	1984	IP
	NORDUNET	64	X.25, CLNS
Switzerland	SWITCH-IP	1024	IP

	SWITCH	128	X.25, IP, CLNS
	CERN	1024	IP
UK	JANET-IP	2048	IP
	JANET	2048	X.25, IP

Gateway EuropaNET-Ebone

Geneva 512 kbps

Intercontinental connectivity

Amsterdam - Washington	2048
Geneva/CERN - Washington	1536
London - Korea	64 (since August)

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Introduction

The financial performance for the year 1993/4 is very satisfactory. The initial losses represent the costs of establishing DANTRÉ as a business in Cambridge and are well within the budget allocated for this. A significant part of these costs (nearly 70%) was incurred prior to the establishment of DANTE in Cambridge and represent the costs of professional advice needed to establish the company. Overall costs have been kept well within budget. The one significant challenge that remains is the unreasonable length of payment terms of some customers. The overall business case approved by the shareholders assumed a period of three months for customers settling bills. In reality the average figure has been approximately six months. This slow settlement of outstanding bills has had a consequent effect on working capital and required considerable attention to the cash flow management of DANTE.

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ECU Financial Summary+

Profit and loss account

for the period ended 31 March 1994
(ECU translation based on
exchange rate of 1.32 ECU/£)

Balance sheet

at 31 March 1994
(ECU translation based on
exchange rate of 1.29 ECU/£)

	31 March 1994 ECU '000		31 March 1994 ECU '000
TURNOVER	2,271	FIXED ASSETS	
Cost of sales	1,719	Tangible assets	116
	<hr/>		<hr/>
Gross profit	552		116
Administrative expenses	762		<hr/>
	<hr/>	CURRENT	
ASSETS		Debtors	1,643
OPERATING LOSS	(210)	Cash at bank and in hand	568
Interest receivable	24		<hr/>
			2,211
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(186)	CREDITORS:	
Tax on loss on ordinary activities		amounts falling due within one year	1,832
	-		<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(186)	NET CURRENT ASSETS	379
	<hr/>		<hr/>
	=====		495
			<hr/>
		CAPITAL AND RESERVES	
		Called up share capital	461
		Capital contributions	271
		Profit and loss account	(186)
		Currency translation reserve	3
			<hr/>
			495
			<hr/>
			=====

+ In conformance with UK company legislation, the final accounts are kept in pounds sterling. This financial summary represents a translation of the sterling sums into ECU.

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DELIVERY OF ADVANCED NETWORK TECHNOLOGY TO EUROPE LIMITED

REPORT AND ACCOUNTS

31 March 1994

Registration No. 2806796

Directors

J Harms

F Liello

B Nederkoorn

K K Ullmann

Secretary

B Nederkoorn

Auditors

Ernst & Young

Compass House

80 Newmarket Road

Cambridge

CB5 8DZ

Bankers

Barclays Bank plc

Bene't Street Branch

P.O. Box 2

Cambridge

CB2 3PZ

Solicitors

Morrell, Peel & Gamlen

1 St Giles'

Oxford

OX1 3JR

Registered Office

1 St Giles'

Oxford

OX1 3JR

DIRECTORS' REPORT

The directors present their report and accounts for the period from incorporation to 31 March 1994.

Results and dividends

The loss for the period, before and after taxation, amounted to £141,000. The Articles of Association of the Company do not permit the payment of a dividend.

Principal activity and review of the business

The company was incorporated as Operational Unit Limited on 30 March 1993 and changed its name to Delivery of Advanced Network Technology to Europe Limited (DANTE) on 2 July 1993.

The company's principal activity is the research into, and the development and provision of, advanced electronic international telecommunication facilities, primarily for the research, academic and educational community in Europe.

The financial performance for the year is very satisfactory. The initial losses represent the costs of establishing DANTE as a business in Cambridge and are well within the budget allocated for this.

Future developments

The company will continue to offer international telecommunications services to the research community with particular emphasis on strengthening and enhancing its intercontinental services and taking greater responsibility for the provision of Backbone Network services on a Pan-European scale. The company has been awarded a contract by the EuroCAIRN committee to specify the next generation of networking services for the research community. This work, which is of vital importance for the research community in Europe, will be the major influencing factor on DANTE's activities in the immediate future.

Fixed assets

Changes in tangible fixed assets during the period are shown in note 7 to these accounts.

Directors and their interests

The directors who served during the period, were as follows:

T I Kalin	(appointed 30 March 1993, resigned 25 March 1994)
J Harms	(appointed 25 March 1994)

F Liello (appointed 30 September 1993)
B Nederkoorn (appointed 30 March 1993)
K K Ullmann (appointed 30 March 1993)
P Villemoes (appointed 30 March 1993,
resigned 25 March 1994)

The Articles of Association do not permit directors to hold any interests in the share capital of the company.

Auditors

Ernst & Young were appointed as auditors during the period. A resolution to re-appoint Ernst & Young will be put to the members at the Annual General Meeting.

By order of the board

B Nederkoorn
Secretary
2 September, 1994

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 accounts 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF DELIVERY OF ADVANCED NETWORK TECHNOLOGY TO EUROPE LIMITED

We have audited the accounts on the pages xx to xx, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page x.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1994 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor, Cambridge
8 September 1994

PROFIT AND LOSS ACCOUNT

	Notes	Period to 31 March 1994 £'000
TURNOVER	2	1,721

Cost of sales		1,302
Gross profit		<u>419</u>
Administrative expenses	3	578
OPERATING LOSS	4	<u>(159)</u>
Interest receivable		18
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(141)</u>
Tax on loss on ordinary activities	6	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(141)</u> =====

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses which have not been reflected in the loss for the period.

BALANCE SHEET

at 31 March 1994

	Notes	31 March 1994 £'000
FIXED ASSETS		
Tangible assets	7	90
		<u>90</u>
CURRENT ASSETS		
Debtors	8	1,274
Cash at bank and in hand	9	440
		<u>1,714</u>
CREDITORS:		
amounts falling due within one year	10	1,420
NET CURRENT ASSETS		<u>294</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>384</u> =====
CAPITAL AND RESERVES		

Called up share capital	11	357
Capital contributions	12	168
Profit and loss account	12	(141)
		384
		384

B Nederkoorn
 Director
 2 September, 1994

NOTES TO THE ACCOUNTS

at 31 March 1994

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold property - over the lease term

Fixtures and fittings - over 3 to 5 years

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. Turnover

Turnover, which is stated net of value added tax and arises from one activity, represents amounts invoiced to third parties. All turnover is derived from Europe.

3. Administrative expenses

31 March 1994
 £'000

Wages and salaries	174
--------------------	-----

Social security costs	18
Other staff costs	71
Depreciation	14
Premises	40
Professional services	39
Set up costs (see note 4(b))	97
Financial charges	35
Communication	5
Other administrative expenses	85
	=====
	578

The average weekly number of employees during the period was as follows:

	31 March 1994
	No
Administration	9

	9
	=====

4. Operating loss

31 March 1994
£'000

This is stated after charging:

(a) Auditors' remuneration	12
Depreciation of owned fixed assets	14
	=====
(b) Exceptional item	
Set up costs incurred on establishment of the company and its operations	97
	=====

5. Directors' remuneration

No director received any remuneration from the company during the period.

6. Tax on loss on ordinary activities

No provision for tax has been made for the period as the company has applied for exemption from the charge to corporation tax as a scientific research organisation under Section 508 of the Income and Corporation Taxes Act 1988.

7. Tangible fixed assets

	Short leasehold property £'000	Fixtures and Fittings £000	Total £'000
Cost:			
At 30 March 1993	-	-	-
Additions	20	84	104
At 31 March 1994	<u>20</u>	<u>84</u>	<u>104</u>
Depreciation:			
At 30 March 1993	-	-	-
Provided during the period	4	10	14
At 31 March 1994	<u>4</u>	<u>10</u>	<u>14</u>
Net book value:			
At 31 March 1994	16	74	90
	=====	=====	=====
At 30 March 1993	-	-	-
	=====	=====	=====

8. Debtors

	31 March 1994 £'000
Trade debtors	562
Other debtors	93
Prepayments and accrued income	619
	<u>1,274</u>
	=====

Other debtors consists of a lease deposit of an amount of £93,000 which is due after more than one year.

9. Cash at bank and in hand

31 March 1994
£'000

Cash at bank and in hand	
At 30 March 1993	-
Net cash inflow	440
	440
At 31 March 1994	=====

10. Creditors: AMOUNTS FALLING DUE WITHIN ONE YEAR

31 March 1994
£'000

Trade creditors	496
Other taxes and social security costs	31
Accruals and deferred income	893
	1,420
	=====

11. Called up share capital

	Authorised 31 March 1994 No.	Allotted, called up and fully paid 31 March 1994 £'000
Ordinary shares of £1 each	2,500,000	357
	=====	=====

12. Reconciliation of shareholders' funds and movements on reserves

			Total
Share capital £'000	Capital contributions £'000	Profit and loss account £'000	shareholders' funds £'000

At 30 March 1993	-	-	-	-
Loss for the period	-	-	(141)	(141)
Capital contributions	-	168	-	168
Shares issued	357	-	-	357
At 31 March 1994	<u>357</u>	<u>168</u>	<u>(141)</u>	<u>384</u>
	=====	=====	=====	=====

The capital contributions represent amounts received from shareholders in respect of shares to be issued.

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