



# DANTE ANNUAL REPORT

1995

Delivery of Advanced Network Technology to Europe Limited

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## Chairman's Report

1995 has been a year of considerable achievement for DANTE. From a technical point of view it saw the introduction of a new backbone network as part of EuropaNET. The transition between suppliers went very smoothly.

In the area of high speed networking, the report which DANTE delivered to EuroCAIRN represents the blueprint for the development of research networking on a pan-European scale. DANTE has been able to build on this work in the successful submission to the Fourth Framework Program on behalf of the TEN-34 Consortium of European research networks. It is the major challenge for 1996 to turn these plans into reality.

On the commercial side things are also developing well. By taking over the commercial as well as technical responsibility for EuropaNET DANTE has stabilised its financial position and the overall results this year are encouraging. There is one note here which is less helpful since it is the first time that we have had to make significant provision for bad debts.

This is DANTE's third Annual Report. Looking back over the last three years much has been achieved. This can only be done through the efforts of people and I would like to take this opportunity to thank DANTE's staff for their perseverance.

KLAUS ULLMAN

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## Introduction

1995 has been an interesting and exiting year for DANTE and European research networking in many respects.

The replacement of the Western European backbone element of DANTE's EuropaNET service was a major accomplishment. After a contract had been awarded to BT in May 1995, BT built a network from scratch with Points of Presence in 15 European countries within a four months period. DANTE coordinated the transition process and in close cooperation with the customer networks the operation concluded with the successful migration to the new network on 2 October 1995. BT's IBDNS (International Backbone Data Network Service) offers connectivity of up to 8 Megabit/second.

DANTE upgraded EuropaNET's transatlantic connectivity from 5 Mbps to 14 Mbps during 1995.

With respect to preparations for the setting up of a high speed infrastructure for European research DANTE can look back at a very successful year. EuroCAIRN (European Cooperation for Academic and Industrial Research Networking) published their Report and Recommendations in May 1995 on the setting up of a high speed infrastructure for the European R&D sector. DANTE's contribution, an extensive requirement analysis and a blueprint for the implementation of a high speed network, provided crucial input to the work of EuroCAIRN.

Following on from EuroCAIRN DANTE became coordinating partner in the TEN-34 Consortium, a collaboration between all the European research networks and major telecoms operators as associated partners, which submitted the TEN-34 proposal (Trans-European Interconnect at 34 Mbps) under the EC Fourth Framework Telematics for Research Programme in March 1995. During 1995 the proposal has been in a continuous process of improvement and refinement to meet the requirements of all relevant parties involved: the national research networks as prospective customers, European telecoms operators as prospective suppliers and the European Commission as central co-funding organisation. DANTE was very pleased when in December 1995 it became clear that the proposal had become acceptable for all parties involved.

In the applications area NameFLOW-Paradise, the international directory service, was revitalised while MailFLOW, the well-established mail coordination service, remained stable. Discussions on the possibility of DANTE organising pan-European security services continued during 1995.

DANTE is looking forward to reaping the fruits of its efforts in 1995 offering new and better services to its customers in 1996.

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## The Network

[picture of EuropaNET]

## EuropaNET

The migration to the new backbone was one of the most challenging activities DANTE had undertaken so far. In the course of 1994 it had become clear that DANTE's customers wanted the replacement of the backbone to be decided upon by a call for tender process. The tender evaluation and subsequent discussions and negotiations with the potential suppliers were the first part of the process. In May 1995 the choice of BT could be announced and after that the race against the clock started to make sure that the new network would be in place by October 1st. In the end the transition took place much more smoothly than expected.

For the PHARE countries (Czech Republic, Hungary and Romania) a new connectivity arrangement came into place as well: since October 1995 they have been jointly connected to the BT Point of Presence in Amsterdam at a capacity of 2 Mbps and have direct access to two of DANTE's transatlantic circuits.

At the end of 1995 DANTE had 14 Mbps transatlantic connectivity in place, a substantial increase from the 5 Mbps at the beginning of the year. 7.5 Mbps of this connectivity was dedicated to one customer (SURFnet), while the other DANTE customers shared the other 6.5 Mbps.

December 1995 saw the termination of the 64 kbps link to Korea. This initiative, a project of the EC called EKORN, was an attempt to provide direct connectivity to part of the Asia Pacific region. As the line speed was quite low it was almost permanently saturated (in the to-Korea direction). It showed that there was a demand for Far Eastern connectivity but that unless this is planned on a regional basis it is better to use existing connectivity via North America.

The gateway organised by DANTE between EuropaNET and Ebone was upgraded to 2 Mbps during 1995 and its location moved from Amsterdam to Geneva.

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## **From EuroCAIRN to TEN-34: towards a high speed network for European research**

Whereas 1994 was the year of EuroCAIRN, during 1995 the TEN-34 Consortium has carried the European national research networks forward to the next step in the establishment of an interconnect facility at 34 Mbps. DANTE is coordinating partner in the Consortium, which consists of all the European national networks and the major European telecoms operators.

Before agreement was reached between all the parties involved a number of hurdles had to be taken. In the first place TEN-34 had to compete with a telecoms operators proposal called JAMES which only partially offered what the research community needs today. A second major challenge was to get all the major European telecoms operators to join TEN-34: this was only achieved in November 1995 by the inclusion of the proposition of ABS (ATM Broadband Services) a facility offered by BT, France Telecom, Deutsche Telekom and Telecom Italia. With this addition to the offer Unisource had already made for an interconnect facility between its four home countries (Sweden, Netherlands, Switzerland and Spain) and possibly the countries outside these two groups, an excellent coverage for the new 34 Mbps facility was reached.

The TEN-34 proposal as it existed at the end of 1995 envisaged an interconnect infrastructure at 34 Mbps consisting of two subnetworks, ABS and Unisource, interlinked at two locations in Europe. The national research networks in the TEN-34 Consortium plan to provide an integrated pan-European Networking Service offering IP. Agreement was also reached with the JAMES Consortium to use a pan-European ATM pilot network to validate new multi-media applications.

Through TEN-34 there is now a detailed implementation plan, an organisational and financial structure to carry out the work of establishing the next generation computer network for European researchers.

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## **FLOWservices in 1995**

### **NameFLOW-Paradise, the international directory service**

In January 1995 Vincent Berkhout joined DANTE to focus on the further development of NameFLOW-Paradise, technically as well as commercially. In May 1994 the PARADISE pilot project had become a 'real' service and during 1995 NameFLOW-Paradise, as the service has been called since, reached new momentum. A number of initiatives were taken.

The NameFLOW participants decided to launch a pilot to test the 1993 edition of the X.500 standard. The short term goal of the pilot is to gain experience with 1993 compliant implementations to pave the way for a full scale X.500(93) service, allowing more software vendors to participate. The transition is seen as a necessary step towards the creation of a multi-system and multi-vendor directory, to interconnect with other directories.

The first phase of the pilot was a small pilot covering three European countries, where 93 conformant services were run in parallel with the current Quipu based service. Preparations for the second phase took place during the last two months of 1995. The tests in 1996 will be of a larger scale.

Another activity was the development of an in-house WWW server, which at the end of 1995 contained not only information on the NameFLOW-Paradise service, but also provides access to a wide range of public directory interfaces, monthly and quarterly service reports, contact and meeting information for national directory managers and relevant RFCs and documents on directory developments.

1995 also saw the publication of the first NameFLOW-Paradise Annual Report, an initiative which was widely welcomed and is likely to be repeated in 1996.

Contacts with relevant related organisations were improved or renewed: EEMA (European Electronic Messaging Association), several Working Groups of the IETF, and the EDF (European Directory Forum).

Paul Barker, David Chadwick and Colin Robbins provided DANTE with expert input on some directory development issues. The papers they published on these topics have been included in DANTE publications series DANTE IN PRINT. Of particular interest are "Managing the X.500 Root Naming Context" by David Chadwick and "X.500 Index DSAs" by Paul Barker.

### **MailFLOW, the international mail coordination service**

In 1995 the MailFLOW service, offering pan-European coordination between X.400 and Internet mail systems, has been operated by SWITCH (Swiss research network) under similar conditions as the previous years. The future of MailFLOW is currently being discussed. Electronic mail in the research community is heavily dominated by the Internet mail protocol (SMTP). Therefore the need for gateway facilities to X.400 mail systems effectively lies more with the X.400 mail service

providers. From next year on MailFLOW will probably be offered by DANTE in a slimmed down version. Before taking any decision DANTE will explore which future option suits the requirements of its customers best.

## **Security, a recurring topic**

DANTE has been asked by a number of its customers to investigate the option to provide (or to participate in the provision of) both a coordinated European CERT activity as well as a Certification Authority for the European Academic and R&D community. In March 1995 a proposal was put forward to provide a coordinating service for the Incident Response Teams of DANTE's customers. Nothing concrete happened with the proposal but there is now more clarity in this area and a full time security expert will be recruited by DANTE to take on the work.

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## **Project management: focus on Central and Eastern Europe**

During 1995 DANTE had management responsibility for two EC projects, both focusing on the PHARE countries.

The two-year PHARE 1994 R&D Networking Programme aims to establish (or upgrade where it exists) network connectivity to the national research networks of the eleven countries that are covered by PHARE. Some of these countries were already connected to EuropaNET (Czech Republic, Hungary, Romania) under the PHARE 1991 Programme, while others first saw a connection materialise during 1995, e.g. the Baltic countries. For a few of the PHARE countries, in particular Albania and Bulgaria, new services are still in the planning stage.

Progress with the PHARE project has been rather less substantial than DANTE (and the beneficiary countries) had hoped for. Administrative and organisational aspects have taken up a disproportionate amount of project management time and, in some cases, have caused serious delays in the implementation of network connections.

The two-year INSIGHT project is part of the COPERNICUS Programme and took off in 1994. Its objective is to set up World Wide Web servers in all the national research networks of the PHARE countries in a coordinated fashion. The technical management of the project is in the hands of TERENA, the European research network association. The project is running very smoothly and through workshops and sharing of expertise has already led to improvements in the quality and performance of national services. More information is available from <http://www.terena.nl/terena/projects/insight/>.

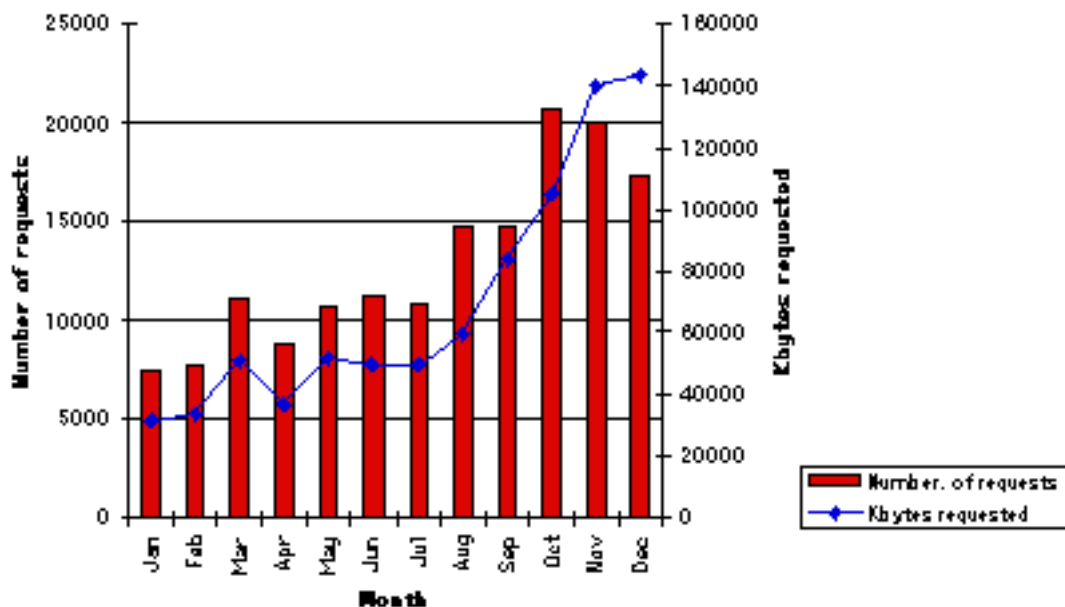
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## External and Customer Relations

During 1995 DANTE's WWW server has become a much more important tool for communicating with customers as well as the general public. It has become a place where service reports, meeting information and contact details are stored and kept up to date. In particular the NameFLOW-Paradise pages and EuropaNET operational information pages (customer access only) have become important elements of the communication process. Also as a tool for ordering documentation such as EuropaNET maps and DANTE IN PRINT papers it been very useful.

*Below some statistics on number of visits to the server as well as the amount of kbytes requested by users.*

Usage of DANTE's www server in 1995



DANTE is involved in the provision and development of a range of services. DANTE IN PRINT is an in-house publications series which aims to reflect progress and developments in all aspects of DANTE's activities. It also gives an interesting insight into the 'history' of European research networking of the last three years, during which many initiatives were taken and substantial progress has been made. Currently 20 papers are included in the series, for a list see <http://www.dante.net/pubs/dip.html>. Papers are available in html, postscript and as hard copies.

In March 1995 DANTE enjoyed a unique opportunity to be part of CeBIT, the huge annual IT event in Hannover (DE), as a guest in the DFN stand. A useful presence at the annual EEMA Conference and exhibition promoted the visibility and role of NameFLOW-Paradise and DANTE in the future of directories in Europe.

During the last quarter of 1995 the first steps were taken by DANTE to increase awareness at a European political level of research networking in general, and the role of the national research networks and DANTE in particular. Europe does not have an organisation comparable to the National

Science Foundation (NSF) or Internet Engineering Task Force (IETF), which have driven the development of the research Internet in the US by means of a long term and consistent policy and funding mechanism.

The European Commission comes closest to the central policy and funding body European research networking has lacked so far. The 'Information Superhighway' is a hot political topic in Brussels, and there is substantial interest in the way research networks can contribute to initiating and developing it. The purpose of the campaign DANTE is undertaking is to promote the idea of such a consistent long term research networking strategy for Europe.

DANTE believes that bringing all the partners involved in research networking together will be to the benefit of the national research networks, the EC and most importantly of all, the European research community as a whole.

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## Staff and external expertise

*During 1995 DANTE was the following people:*

### NETWORK MANAGEMENT

Michael Behringer  
Steven Bakker

### OPERATIONS MANAGEMENT

Tim Streater

### SYSADMIN/

### OPERATIONS SUPPORT

Nick Stevenson

### GENERAL MANAGEMENT

Dai Davies

Howard Davies

### ADMINISTRATION

Heather Wilkin

Jane Beavis

### APPLICATIONS

Marko Kaittola

Vincent Berkhout

### EXTERNAL/

### CUSTOMER RELATIONS

Josefien Bersee

Vincent Berkhout joined DANTE in January 1995; Nick Stevenson joined DANTE in April 1995; Steven Bakker came to DANTE in May 1995. Marko Kaittola left the company in September 1995.

Maria Pallares spent a large amount of her time as consultant to DANTE on the preparation of the TEN-34 proposal. She was also closely involved in the definition of the contract with BT for IBDNS, the new backbone.

Istvan Tetenyi from Hungarnet left DANTE in April 1995 after a six months period in which he was involved in DANTE's activities in Central and Eastern Europe. He has continued some of them since his return to Hungary as consultant to DANTE.

Chris Broomfield continued his activities for the PHARE project.

In September 1995 Tomaz Kalin, departing Secretary-General of TERENA, started work for DANTE as a consultant for the INSIGHT and PHARE projects.

With respect to NameFLOW-Paradise, Paul Barker (University College London), David Chadwick (University of Salford), and Colin Robbins (Nexor) provided valuable input as consultants.

Karsten Leipold from DFN joined DANTE for three months between April and July 1995. He contributed to the work on the technical specification of the TEN-34 proposal.

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## Annex 2: DANTE shareholders, December 1995

Organisation/Network	Country	Number of shares
ARIADNET	Greece	22000
ARNES	Slovenia	11000
INFN - Istituto Nazionale di Fisica Nucleare	Italy	82500
DFN - Verein zur Foerderung eines Deutschen Forschungsnetzes	Germany	82500
FCCN - Fundacao para o Desenvolvimento dos Meios Nacionais de Calculo Cientifico	Portugal	22000
HEFC-E (Higher Education Funding Council for England) on behalf of the JISC (Joint Information Systems Committee for England, Scotland and Wales)	United Kingdom	82500
HUNGARNET	Hungary	22000
NORDUnet - Nordic countries	Denmark, Finland, Iceland, Norway, Sweden	82500
RedIRIS	Spain	55000*
SURFnet	Netherlands	55000
SWITCH	Switzerland	55000

At the end of 1995 a new issue of shares was in progress and the following organisations had indicated their intention to take up the issue:

ARNES (Slovenia), INFN (Italy), DFN (Germany), HEFC-E (UK), SURFnet (Netherlands), SWITCH (Switzerland).

\* partly paid

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## Annex 3: EuropaNET (IBDNS) Access Ports, December 1995

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Country	Network	Capacity (kbps)	Services
Belgium	BELNET	2048	IP
	JRC-GEEL	64	X.25
Germany	DFN	6080	IP
	DFN-X25	64	X.25
	ESA	64	IP
Greece	GR-NET	64	IP
	GR-NET	256	IP
Italy	GARR	2048	IP
	GARR-X25	64	X.25
	JRC-ISPRA	64	X.25
Luxembourg	RESTENA	128	IP
Netherlands	SURFNET	2048	IP
	SURFNET-X25	64	X.25
	PHARE*	2048	IP
Portugal	RCCN	512	IP
Slovenia	ARNES	1024	IP
Spain	REDIRIS	2048	IP
	REDIRS-X25	64	X.25
Sweden	NORDUNET	2048	IP
Switzerland	SWITCH	4096	IP
	CERN	2048	IP
UK	JANET	4096	IP
	JANET-X25	64	X.25

\*PHARE is:

Czech Republic	CESNET	512	IP
Hungary	HUNGARNET	2048	IP
Romania	RoEduNet	64	IP

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Intercontinental connectivity

14 Mbps between Europe and the US.

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Gateway to Ebone: 2 Mbps located at CERN

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## Introduction

In 1995 the budget and financial years have been aligned thus this report and accounts covers the full twelve month period of the calendar year. This will continue to be the case in future years. The financial performance in this period is again satisfactory. The surplus will reduce the pressure on working capital. Considerable progress has been made in improving the settlement period for outstanding bills with the take over of responsibility for the backbone network services but we need to remain vigilant. It is with regret that we have had to make real provision for bad debts from some customer networks in 1995. The other networks end up having to share this cost. It is to be hoped that this is an isolated occurrence and that the spirit of co-operation and sharing will prevail. The 1995 results give a welcome degree of financial stability which must build on in future years.

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## ECU Financial Summary\*

### ECU Financial Summary\*

Income and expenditure account  
for the period ended 31 Dec 1995

(ECU translation based on  
exchange rate of 1.22 ECU/£)

	Year to 31 Dec 1995 ECU '000
TURNOVER	7,388
Cost of sales	6,449
	-----
Gross surplus	939
Administrative expenses	824
	-----
	116
Other operating income	699
	-----
OPERATING SURPLUS/(DEFICIT)	815
Interest receivable	57
	-----
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	872
Tax on surplus/(deficit) on ordinary activities	-
	-----
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION	872 =====

Balance sheet  
at 31 Dec 1995  
(ECU translation based on  
exchange rate of 1.22 ECU/£)

Income and expenditure  
account for the nine  
months ended 31 Dec 1994

(ECU translation based on  
exchange rate of 1.28 ECU/£)

	9 months to 31 March 1994 ECU '000
	3,566
	2,826
	-----
	740
	566
	-----
	174
	-
	-----
OPERATING SURPLUS/(DEFICIT)	174
Interest receivable	22
	-----
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	196
Tax on surplus/(deficit) on ordinary activities	-
	-----
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION	196 =====

Balance sheet  
at 31 December 1994  
(ECU translation based on  
exchange rate of 1.275 ECU/£)

	31 DEC 1995 ECU '000	31 DEC 1994 ECU '000
FIXED ASSETS		
Tangible assets	73	119
	<u>73</u>	<u>119</u>
CURRENT ASSETS		
Debtors	6,629	1,650
Cash at bank and in hand	4,505	1,697
	<u>11,135</u>	<u>3,347</u>
CREDITORS:		
amounts falling due within one year	9,398	2,675
	<u>1,737</u>	<u>672</u>
NET CURRENT ASSETS	<u>1,810</u>	<u>791</u>
	=====	=====
CAPITAL AND RESERVES		
Called up share capital	665	695
Capital contributions	259	80
Income and Expenditure acc	887	10
Currency translation reserve	(1)	6
	<u>1,810</u>	<u>791</u>
	=====	=====

\* 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 December 1995

Registered No.2806796

### **Directors**

J Harms  
G R Hoffmann  
F Liello  
B Nederkoorn  
K K Ullmann

### **Secretary**

G R Hoffmann

### **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

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## **DIRECTORS' REPORT**

The directors present their report and accounts for the year ended 31 December 1995.

### **results and dividends**

The surplus of income over expenditure for the period, before and after taxation, amounted to £715,000, which has been transferred to reserves (nine months to 31 December 1994 - £153,000). The Articles of Association of the company do not permit the payment of a dividend.

### **principal activity and review of the business**

The company'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.

### **future developments**

1995 saw DANTE preparing the way for international high performance networking services. The company is now in a strong position to implement these plans in 1996. The commitment of all Western European research networks to the TEN-34 represents a unique opportunity to start building a true, lasting, and developing superhighway for European researchers which will at last create a stable environment for pan-European research networking.

### **fixed assets**

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

### **directors and their interests**

The directors who served during the year were as follows:

J Harms  
G R Hoffmann  
F Liello

B Nederkoorn  
K K Ullmann

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

## **auditors**

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

By order of the board

G R Hoffmann  
Secretary

10 May, 1996

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT TO 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 surplus or deficit 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 pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

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

As described on page 3 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 December 1995 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young  
Chartered Accountants  
Registered Auditor  
Cambridge

10 May, 1996

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## **INCOME EXPENDITURE ACCOUNT**

	Year to	Nine months
	to 31 December	1 December
	1995	1994

	Notes	£ '000	£ '000
Turnover	2	6,056	2,786
Cost of sales		5,286	2,208
		-----	-----
Gross surplus		770	578
Administrative expenses	3	675	442
		-----	-----
		95	136
Other operating income		573	-
		-----	-----
Operating surplus	4	668	136
Interest receivable		47	17
		-----	-----
Surplus on ordinary activities before taxation		715	153
Tax on surplus on ordinary activities	6	-	-
		-----	-----
Surplus on ordinary activities after taxation	12	715	153
		=====	=====

#### Recognised gains and losses

There are no recognised gains or losses which have not been reflected in the results for the current or prior periods.

## BALANCE SHEET

		31 December	31
December	Notes	1995	1994
		£ '000	£ '000
fixed assets			
Tangible assets	7	60	93
		-----	-----
current assets			
Debtors	8	5,434	1,294
Cash at bank and in hand	9	3,693	1,331
		-----	-----
		9,127	2,625
creditors: amounts falling due within one year	10	7,703	2,098
		-----	-----
net current assets		1,424	527

		=====	=====
TOTAL ASSETS LESS		1,484	620
CURRENT LIABILITIES		-----	-----
capital and reserves			
Called up share capital	11	545	545
Capital contributions	12	212	63
Income and expenditure account	12	727	12
		=====	=====
		1,484	620

G R Hoffmann  
Director

10 May, 1996

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## NOTES TO THE ACCOUNTS

### 1. accounting policies

#### *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *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 income and expenditure 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

	Year to 31 December 1995 £000	Nine months to 31 December 1994 £000
Wages and salaries	323	211
Social security costs	77	43
Other staff costs	98	83
Depreciation	47	30
Premises	72	48
Professional services	22	16
Financial charges	7	2
Communication	9	5
Other administrative expenses	21	4
Profit on disposal of fixed assets	(1)	-
	-----	-----
	675	442
	=====	=====

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

	Year to 31 December 1995 No.	Nine months to 31 December 1994 No.
Administration	10	9
	=====	=====

## 4. operating surplus

	Year to 31 December 1995 £000	Nine months to 31 December 1994 £000
--	--	---

This is stated after charging:

Auditors' remuneration		
- audit services	10	10
- non audit services	6	3
Depreciation of owned fixed assets	47	30
	=====	=====

## 5. directors' remuneration

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

## 6. tax on surplus on ordinary activities

No provision for tax has been made for the year 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	Fixtures and fittings	Total
	£000	£000	£000
Cost:			
At 1 January 1995	20	117	137
Additions	-	15	15
Disposals	-	(2)	(2)
	-----	-----	-----
At 31 December 1995	20	130	150
Depreciation:			
At 1 January 1995	9	35	44
Provided during the year	7	40	47
Disposals	-	(1)	(1)
	-----	-----	-----
At 31 December 1995	16	74	90
	-----	-----	-----
Net book value:			
At 31 December 1995	4	56	60
	=====	=====	=====
At 1 January 1995	11	82	93
	=====	=====	=====

## 8. debtors

	1995 £000	1994 £000
Trade debtors	3,072	783
Other debtors	121	154
Prepayments and accrued income	2,241	357
	-----	-----
	5,434	1,294
	=====	=====

### 9. cash at bank and in hand

	1995 £000	1994 £000
Cash at bank and in hand:		
At 1 January 1995/1 April 1994	1,331	440
Net cash inflow	2,362	891
	-----	-----
At 31 December	3,693	1,331
	=====	=====

### 10. creditors: amounts falling due within one year

	1995 £000	1994 £000
Trade creditors	4,116	647
Other taxes and social security costs	108	34
Other creditors	213	213
Accruals and deferred income	3,266	1,204
	-----	-----
	7,703	2,098
	=====	=====

### 11. called up share capital

Authorised	1995 No.	1994 No.
Ordinary shares of £1 each	2,500,000	2,500,000

=====

	Allotted, called up and fully paid		Allotted, called up and partly paid	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Ordinary shares of £1 each	517	517	28	28
	=====	=====	=====	=====

## 12. reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Capital contribut. £000	Income and expenditure £000	Total shareh. funds £000
At 1 January 1995	545	63	12	620
Surplus for the year	-	-	715	715
Contributions made	-	149	-	149
	-----	-----	-----	-----
At 31 December 1995	545	212	727	1,484
	=====	=====	=====	=====

The capital contributions represent amounts received from shareholders in respect of shares to be issued in 1996.

## 13. operating lease commitments

At 31 December 1995 the company had an annual commitment under a non-cancellable operating lease in respect of land and buildings as set out below:

	1995 £'000	1994 £'000
Operating lease which expires within one year	35	-
Operating lease which expires within two to five years	-	35
	-----	-----
	35	35
	=====	=====

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