

## CMNet Finance Report for the year ended 31<sup>st</sup> August 2021

The statement below shows a loss of £85.33 and reflects the performance of CMNet for the year ending August 31<sup>st</sup> 2021 only. It does not include income from grants or purchase / depreciation of equipment.

### Financial summary for the period 1/9/20 to 31/8/21

<b>Brought forward</b>				
Balance		<b>£0.00</b>		
Creditors			5,417.53	
Debtors			3,155.66	
Net				£2,261.87
<b>Bank balance</b>				<b>£9,539.95</b>
<b>This month</b>				
Income	£3,700.15			
Expenditure	£3,785.48			
<b>P&amp;L</b>		<b>-£85.33</b>		
Creditors			£4,016.45	
Debtors			£1,697.71	
Net				£2,318.74
<b>Adjusted P&amp;L</b>				<b>£2,233.41</b>
<b>Carried forward</b>				
Balance		<b>-£85.33</b>		
Creditors			£9,433.98	
Debtors			£4,853.37	
Net				£4,580.61
<b>Bank balance</b>				<b>£11,773.36</b>

It is a time consuming task to produce the full accounts which will include the previous year's assets, depreciation, liabilities and then to calculate the amount of corporation tax due. As usual production of the full accounts will therefore be scheduled in time to complete the Companies House and HMRC returns in May. When complete the revised accounts will be issued as they have been in previous years.

However we know that an estimate of monies released from the CBS deferred income pool will be £1,359.12 and the depreciation charge for the year will be £1,658.95

This allows us to produce the following estimated figures:-

Income from subscriptions	- £3,700.15
Income from grant monies	- £1,359.12
<b>Total Income</b>	<b>- £5,059.27</b>
Expenditure	- £3,785.48
Electronic items to exclude from expenditure	- -£659.23
Depreciation	- £1,658.95
<b>Total Outgoings</b>	<b>- £4785.20</b>
Revised surplus	- £274.07

Therefore our corporation tax bill will be approximately £55

**N.B. all the figures above are subject to change when the HMRC calculations are performed.**

This year we were on target to make a healthy surplus and it was therefore decided to reduce the new joiner's premium to £60. All subscribers that had paid in excess of this amount had their accounts credited

with the surplus. Some of the surplus was used to buy six samples of Ubiquiti Gen2 units so they can be evaluated and the remainder was spent on enclosures to replace corroded units.

Provision to replace equipment - As reported last year we continue to report depreciation at 20% per year for any financial statements (see above). However the equipment is shown it has a realistic working life of at least 6 years. In addition, although upgraded direct replacement units are considerably more expensive than the originals, Ubiquiti have introduced a new range of lower priced units with a similar specification to the units we use. Both these factors make forecasting the amount of money to put aside for replacement equipment extremely difficult. Once we have a better idea of the capabilities of the new Gen2 units we will be able to revise the replacement costs of units.

End of the year bank balance	- £11,773.36
Estimated liabilities	- £2,318.74
<b>Leaving</b>	<b>- £9,454.62</b>
Provision to replace enclosures	- £300.00 (a)
<b>Leaving</b>	<b>- £9,154.62</b>

(a) Three replacement enclosures were purchased in this financial year and we expect to buy another three next year.

Sample figures for the provision to replace electronic equipment over different life spans all based on the original purchase price:-

5 year life	- £9,207.76
6 year life	- £8,950.00
7 year life	- £3,647.00

I.e. we have enough cash in hand to cover current foreseen expenditure and we will maintain a balance of ~£9,000 to cover costs of replacement equipment.

This year we increased the number of subscribers by 11 and next year we expect to add another 18. At the moment we have enough capacity but we will need to add at least one more fibre line to cater for the additional subscribers.

The additional usage this year has allowed us to revise the tariff, from September 2021 this was altered to:-

£5 “standing charge” plus £1.00 per 75 GB per subscriber per month

E.g. 75 GB costs £6.00 per month, 150 GB costs £7.00 etc and 1,050 GB costs £19.00

The average number of GB per subscriber is 263, which would require a quota of 300 GB (multiple of 75); at the revised tariff this would cost £9 per month.

BT users who do not use their landline for broadband are due a line rental rebate of just over £9 per month. This means the average subscriber who switches from landline based broadband to CMNet gets their broadband at no additional cost.

Phil