

## CMNet Finance Report for the year ended 31<sup>st</sup> August 2023

The statement below shows a loss of £188.60 and reflects the performance of CMNet for the year ending August 31<sup>st</sup> 2023 only. I.e. it does not include deferred income from deposits or depreciation of equipment.

### Financial summary for the period 1/9/22 to 31/8/23

<b>Brought forward</b>				
Balance		<b>£0.00</b>		
Creditors			£14,708.75	
Debtors			£9,869.32	
Net				£4,839.43
<b>Bank balance</b>				<b>£12,587.40</b>
<b>This month</b>				
Income	£6,652.55			
Expenditure	£6,841.15			
<b>P&amp;L</b>		<b>-£188.60</b>		
Creditors			£1,532.06	
Debtors			£5,072.23	
Net				-£3,540.17
<b>Adjusted P&amp;L</b>				<b>-£3,728.77</b>
<b>Carried forward</b>				
Balance		<b>-£188.60</b>		
Creditors			£16,240.81	
Debtors			£14,941.55	
Net				£1,299.26
<b>Bank balance</b>				<b>£8,858.63</b>

This year we again decided to take advantage of the HMRC tax incentive to upgrade more equipment. Once this was factored into the accounts there was not enough of the surplus left to refund any of the new joiner's premium which therefore remains at £30.

As we approached the end of the year we decided to spend what was left of the surplus on four 60 GHz radios to boost backbone throughput capacity.

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. When complete the revised accounts will be issued as they have been in previous years.

However we know that the monies released from the CBS deferred income pool will be zero as all the grant funding was fully utilised last year. We will draw down deferred income of ~£215 from subscribers' deposits which are being repaid in the second year of membership. The depreciation charge for the year will be ~£1,600. Combining these two will show us making a loss of ~£1,570 for the year.

Our submission to HMRC will alter these figures further as we have again taken advantage of the government's tax incentives to purchases equipment for upgrades. Under the scheme equipment purchased is fully depreciated in the financial year of purchase and so there will be no allowance for the equipment we bought last year and this year's equipment will be shown as 100% depreciated. The accounts submitted to Companies House will be close to the figures quoted above. However the accounts submitted to HMRC will be quite different due to the tax incentive and depreciation changes.

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

Sample figures for the provision to replace electronic equipment over different life spans all based on the original purchase price and assuming that new purchases are now replacements rather than additions to the network:-

5 year life - £8,832  
6 year life - £2,640  
7 year life - £1,196

N.b. these figures vary according to the amount of equipment purchased in the preceding corresponding year. I.e. what was purchased 5, 6 or 7 years ago.

I.e. we have enough cash in hand to cover current foreseen expenditure even if we take the worst case that equipment will need to be replaced after five years. We will maintain a bank balance to cover costs of replacement equipment. There have been very few units fail due to end of life; almost all the replacements are to benefit from improvements in the technology. Wherever it is possible "old" equipment will be re-used; e.g. as backup devices.

Although usage has increased again this year reducing our unit costs it was decided to leave the tariff unchanged due to the uncertainty in electricity and ISP charges as these are both likely to increase due to inflation.

The tariff remains at £5 "standing charge" plus £1.00 per 150 GB per subscriber per month

The average number of GB per subscriber is 395, which would require a quota of 450 GB (multiple of 150); at the revised tariff this would cost £8 per month.

BT now quote broadband prices excluding a telephone for £28 a month (although still dependant on the old copper technology) charging £33 a month - an additional £5 for a "telephone line". This is in preparation for the switch to fibre to the premises and all calls being through the internet.

A subscription to CMNet of £28 a month would buy a monthly quota of 3,450 GB, over twice the amount used by our current highest subscribers.

Phil