

# **Delivery of Advanced Network Technology to Europe Limited ('DANTE')**

**Annual Report and Financial Statements**

31 December 2010

**Directors**

R Buch  
T Brunner  
R Day  
I Maric

**Secretary**

M J Scott

**Auditors**

Ernst & Young LLP  
Compass House  
80 Newmarket Road  
Cambridge CB5 8DZ

**Bankers**

Barclays Bank plc  
Bene't Street Branch  
P.O. Box 2  
Cambridge CB2 3PZ

**Solicitors**

Manches  
9400 Garsington Road  
Oxford Business Park  
Oxford OX4 2HN

**Registered Office**

9400 Garsington Road  
Oxford Business Park  
Oxford OX4 2HN

## Directors' report

The directors present their Annual Report and financial statements for the year ended 31 December 2010.

### Results and dividends

The surplus of income over expenditure for the year, before taxation amounted to €67,000 (2009 – €99,000). The surplus on ordinary activities after taxation amounted to €26,000 (2009 – €81,000) which has been transferred to reserves. 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.

From a financial out-turn perspective, the net surplus is small at €67,000, but this is as expected for a not for profit entity. Apart from the highly advanced technical capability and increasing utilisation and demand on the network, the relatively stable operational cost base demonstrates that the National Research and Education Networks ('NRENs') benefit from these activities at an economically efficient and sustainable level. The GÉANT programme is the key activity and object for DANTE representing about €27M (72%) of the total income and expenditure. The network's steady lambda and circuit provisioning capability has seen increased demand for its service during 2010 and continues to be of significant benefit to the community.

The company continues to connect researchers worldwide through the building and managing of research networks such as GÉANT, TEIN3, EUMEDCONNECT2 and CAREN. In the financial period, DANTE's achievements included a successful first year review of GÉANT3 by the EC. GÉANT3 is in essence a continuation of GÉANT2 and so far has embedded some important new activities which are already and will be in future of great benefit for the users of the network. In the first year of GÉANT3 services that were started to be developed in GÉANT2 matured, others services were still in their inception phase, and some were in the state of feasibility studies.

Our networks now interconnect over 90 million users worldwide across a variety of users, including health and drug discovery, seismology and astronomy, crop research and weather forecasting.

DANTE's Network Operations Centre (NOC), based in Cambridge, UK, efficiently manages the day to day operations of the GÉANT and EUMEDCONNECT2 networks.

DANTE continues to be involved in initiatives in south and east Africa and plans to commence the Africa Connect project during 2011.

At around €1.4m the continuing cooperative purchasing exercise of commodity IP services represented most of the remaining income and expenditure.

### Future developments

The main activities for 2011 are to procure new transmission and switching equipment as well as a connectivity for the GÉANT3 network, and to develop, pilot and launch new leading edge services that enable, facilitate and enhance research across Europe, and between Europe and other world regions.

In addition, DANTE will continue the on-going development of the regional networking activities covering the south and eastern Mediterranean, South East Asia, Central Asia and Africa and will provide assistance in the continuity plans for connectivity of Latin America to Europe in the second ALICE programme.

## Directors' report (continued)

### Principal risks and uncertainties

The principal risks and uncertainties for the company relate to the continued interest from the National Research and Education (NREN) community and from the European Commission in supporting the development and provision of advanced network technology services for the research, academic and educational community in Europe. Continuity of support from the European Commission depends largely on the scheduled funding programmes and occasionally these are not always timed to be able to offer continued funding. The Company seeks to address such funding gaps through the support of the NREN partners and the telecom service providers.

### Going concern

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual reports and financial statements.

### Supplier payment policy

It is the company's policy to determine terms of payment with suppliers as part of the contractual arrangements that are put in place.

### Disclosure of qualifying third party indemnity provisions for directors

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

### Directors

Klaus Ullmann, DANTE Chairman and Chairman of the GÉANT Executive Committee, was one of the pioneers of Research Networking in Europe and a leading figure in this field for more than 35 years. Klaus devoted his career to the success of research networking and was enormously respected for his insight and wisdom. His energy and drive led to the establishment of DANTE and he served as DANTE's chairman for most of its life, from 1994-2002 and again from 2005 until his death in March 2011, guiding the company's development. As Chairman of the GÉANT Executive Committee during the GN2 and GN3 projects Klaus was a great believer in European co-operation and led pan-European research networking to new achievements. His work has helped enable researchers worldwide to collaborate in the furtherance of their goals, and as a leading light in the community he will be sorely missed.

The directors who served the company during the year were as follows:

R Buch

T Brunner

R Day (re-appointed 29 October 2010)

I Maric

K Ullmann (re-appointed 15 January 2010; died 25 March 2011)

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Directors' report (continued)

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

M J Scott  
Secretary



8 June 2011

## 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

## **Independent auditor's report**

### **to the members of DANTE Limited**

We have audited the financial statements of Delivery of Advanced Technology to Europe Limited for the year ended 31 December 2010 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Independent auditor's report to the members of DANTE Limited (continued)

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ian C. Strachan (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge

Date 9 June 2011



## Income and expenditure account

for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> €000	<i>2009</i> €000
<b>Turnover</b>	2	37,488	38,507
Cost of sales		(35,236)	(36,103)
		<hr/>	<hr/>
<b>Gross surplus</b>		2,252	2,404
Administrative expenses	5	(2,258)	(2,309)
Foreign exchange loss		(9)	(37)
		<hr/>	<hr/>
<b>Operating (deficit)/surplus</b>	3	(15)	58
Interest receivable		82	41
		<hr/>	<hr/>
<b>Surplus on ordinary activities before taxation</b>		67	99
Tax on surplus on ordinary activities	6	(41)	(18)
		<hr/>	<hr/>
<b>Surplus for the financial year</b>	14	26	81
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

## Statement of total recognised gains and losses

for the year ended 31 December 2010

There are no recognised gains or losses other than the surplus attributable to the shareholders of the company of €26,000 in the year ended 31 December 2010 (2009 – surplus of €81,000).

## Balance sheet

at 31 December 2010

	Notes	2010 €000	2009 €000
<b>Fixed assets</b>			
Tangible assets	7	2,216	3,649
<b>Current assets</b>			
Debtors	8	15,464	26,095
Cash at bank and in hand	9	47,732	35,292
		63,196	61,387
<b>Creditors:</b> amounts falling due within one year	10	48,558	52,682
<b>Net current assets</b>		14,638	8,705
<b>Total assets less current liabilities</b>		16,854	12,354
<b>Creditors:</b> amounts falling due after more than one year	11	9,474	5,000
<b>Net assets</b>		7,380	7,354
<b>Capital and reserves</b>			
Called up share capital	13	1,576	1,576
Capital contributions	14	35	35
Income and expenditure account	14	5,769	5,743
<b>Shareholders' funds</b>	14	7,380	7,354



R Day  
Director

8 June 2011

## Statement of cash flows

for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>€000</i>	<i>2009</i> <i>€000</i>
<b><i>Net cash inflow from operating activities</i></b>	15(a)	13,410	17,681
<b><i>Returns on investments and servicing of finance</i></b>	15(b)	82	41
<b><i>Tax</i></b>	15(b)	38	30
<b><i>Capital expenditure and financial investment</i></b>	15(b)	(1,090)	(891)
<b><i>Management of liquid resources</i></b>	15(b)	(5,243)	(10,441)
<b><i>Increase in cash</i></b>		<u>7,197</u>	<u>6,420</u>

A reconciliation of net cash flow to total changes in cash at bank and in hand and short term deposits is given in note 15(c) to the financial statements.

## Notes to the financial statements

at 31 December 2010

### 1. Accounting policies

#### *Basis of preparation*

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

#### *Fixed assets*

All fixed assets are recorded at cost.

#### *Tangible fixed assets*

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:

Short leasehold property	–	over the lease term
Furniture	–	over 5 years
Equipment	–	over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

The company's functional currency is the euro. Transactions in currencies other than the euro are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the Euro are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income and expenditure account.

#### *Leasing commitments*

Rentals paid under operating leases are charged to the income and expenditure account as incurred.

#### *Research and development*

Research and development expenditure is written off as incurred.

#### *Revenue recognition*

Revenue represents consideration for services provided and is measured net of VAT.

Revenue in respect of GÉANT is recognised in line with project completion, which is assessed with reference to actual cost to date compared to total budgeted cost.

Other revenue is recognised in the period in which the services are provided.

#### *Pensions*

The company makes contributions to personal pension schemes. Pension contributions are charged to the income and expenditure account as they become payable.

## Notes to the financial statements

at 31 December 2010

### 2. Turnover

Turnover, which is stated net of value added tax and arises from one activity, represents amounts derived from the provision of services which fall within the company's principal activity.

An analysis of turnover by geographical market is given below.

	2010	2009
	€000	€000
Europe	30,556	34,835
Outside Europe	6,932	3,672
	<u>37,488</u>	<u>38,507</u>

### 3. Operating (deficit)/surplus

This is stated after charging:

	2010	2009
	€000	€000
Auditors' remuneration – audit services	22	26
– non audit services - taxation	29	67
	<u>51</u>	<u>93</u>
Depreciation of owned fixed assets	2,523	3,446
	<u>2,574</u>	<u>3,539</u>
Allowance for doubtful debts	326	-
	<u>2,900</u>	<u>3,539</u>
Operating lease rentals – land and buildings	456	455
– plant and machinery	1,429	1,531
	<u>1,885</u>	<u>1,986</u>

### 4. Directors' emoluments

No director received any remuneration from the company during the year (2009 – €nil).

## Notes to the financial statements

at 31 December 2010

### 5. Administrative expenses

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Wages and salaries	582	552
Social security and pension costs	71	199
Other staff costs	231	169
Depreciation	111	123
Premises	627	603
Professional services	256	235
Financial charges	20	17
Other administrative expenses	360	411
	<u>2,258</u>	<u>2,309</u>

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

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Administration	57	51

### 6. Tax

(a) Tax on surplus on ordinary activities

The tax charge is made up as follows:

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
<i>Current tax:</i>		
UK corporation tax	204	501
Tax overpaid in prior periods	-	(6)
Total current tax (note 6(b))	<u>204</u>	<u>495</u>
Deferred taxation (note 12)	(163)	(477)
	<u>41</u>	<u>18</u>

## Notes to the financial statements

at 31 December 2010

### 6. Tax (continued)

(b) Factors affecting tax charge for the period

	2010	2009
	€000	€000
Surplus on ordinary activities before taxation	67	99
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	19	27
Effect of:		
Expenses not deductible for tax purposes	16	15
Depreciation in excess of capital allowances	169	459
Adjustment in respect of prior periods	-	(6)
Current tax charge for the period (note 6(a))	204	495

(c) Factors affecting future tax charges

The company has submitted an application to claim the status of a Scientific Research Association under Section 508 ICTA 1988. Should this application be successful, the company will no longer be liable to pay corporation tax.

In his budget of 23 March 2011, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the Company's future tax position. As at 31 December 2010, the tax rate changes announced in the Budget had not yet been 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in the Company's financial statements as at 31 December 2010.

The Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28% to 27% from 1 April 2011. Additional changes to the main rate of UK Corporation Tax announced in the Budget reduced the main rate to 26% from 1 April 2011 and by 1% per annum to 23% by 1 April 2014. Deferred tax assets and liabilities at 31 December 2010 have been calculated at 27% and the reduction in the deferred tax asset/liability has been included within the tax charge for the year. Further UK tax changes, subject to enactment, are a reduction from 1 April 2012 in the rate of capital allowances applicable to plant and machinery and to integral features from 20% to 18% and 10% to 8% respectively.

The rate change and the capital allowance changes will also impact the future cash tax payments to be made by the company.

## Notes to the financial statements

at 31 December 2010

### 7. Tangible fixed assets

	<i>Short leasehold property</i> €000	<i>Furniture</i> €000	<i>Equipment</i> €000	<i>Total</i> €000
Cost:				
At 1 January 2010	287	156	27,098	27,541
Additions	-	8	1,082	1,090
At 31 December 2010	<u>287</u>	<u>164</u>	<u>28,180</u>	<u>28,631</u>
Depreciation:				
At 1 January 2010	112	119	23,661	23,892
Provided during the year	29	15	2,479	2,523
At 31 December 2010	<u>141</u>	<u>134</u>	<u>26,140</u>	<u>26,415</u>
Net book value:				
At 31 December 2010	<u>146</u>	<u>30</u>	<u>2,040</u>	<u>2,216</u>
At 1 January 2010	<u>175</u>	<u>37</u>	<u>3,437</u>	<u>3,649</u>

### 8. Debtors

	2010 €000	2009 €000
GÉANT debtors	2,163	3,097
Other trade debtors	3,522	2,498
Other debtors	6,797	17,405
Prepayments and accrued income	2,223	2,253
VAT repayable	576	822
UK Deferred tax (note 12)	183	20
	<u>15,464</u>	<u>26,095</u>



## Notes to the financial statements

at 31 December 2010

### 9. Cash at bank and in hand

On 2 December 2004, Barclays Bank issued a bank guarantee on behalf of DANTE to the EC relating to funds transferred to DANTE for the TEIN2 project. At 31 December 2010 the balance of cash and short term deposits covered by the guarantee was €0 (2009 – €9,970). The project was completed in the year and the indemnity ceased.

On 26 June 2008, Barclays Bank issued a bank guarantee on behalf of DANTE to the EC relating to funds transferred to DANTE for the TEIN3 project. At 31 December 2010 the balance of cash and short term deposits covered by the guarantee was €4,966,699 (2009 – €3,685,046).

On 5 December 2008, Barclays Bank issued a bank guarantee on behalf of DANTE to the EC relating to funds transferred to DANTE for the EUMEDconnect2 project. At 31 December 2010 the balance of cash and short term deposits covered by the guarantee was €650,966 (2009 – €1,907,887).

On 7 December 2010, Barclays Bank issued a bank guarantee on behalf of DANTE to the EC relating to funds transferred to DANTE for the CAREN project. At 31 December 2010 the balance of cash and short term deposits covered by the guarantee was €1,796,173 (2009 – Enil).

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

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
GÉANT creditors	2,468	4,307
Rebates in respect of DWS service subscriptions	400	500
Other trade creditors	756	457
UK corporation tax	204	446
Other taxes and social security costs	84	86
Other creditors	30,857	33,270
Accruals and deferred income	13,789	13,616
	<u>48,558</u>	<u>52,682</u>

### 11. Creditors: amounts falling due after more than one year

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Deferred income	9,474	5,000
	<u>9,474</u>	<u>5,000</u>

### 12. Deferred taxation

The deferred tax asset recognised is as follows:

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
At 1 January	20	(457)
Charge for the year (note 6)	163	460
Adjustment in respect of prior years	-	17
At 31 December (note 8)	<u>183</u>	<u>20</u>

## Notes to the financial statements

at 31 December 2010

### 13. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2010</i> <i>€'000</i>	<i>No.</i>	<i>2009</i> <i>€'000</i>
Ordinary shares of £1 each	1,171,500	1,576	1,171,500	1,576

### 14. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i> <i>€000</i>	<i>Capital contri- butions</i> <i>€000</i>	<i>Income and expenditure account</i> <i>€000</i>	<i>Total share- holders' funds</i> <i>€000</i>
At 1 January 2009	1,576	35	5,662	7,273
Surplus for the year	c	-	81	81
At 1 January 2010	1,576	35	5,743	7,354
Surplus for the year	-	-	26	26
At 31 December 2010	1,576	35	5,769	7,380

### 15. Notes to the statement of cash flows

a) Reconciliation of operating (deficit)/surplus to net cash inflow from operating activities:

	<i>2010</i> <i>€000</i>	<i>2009</i> <i>€000</i>
Operating (deficit) / surplus	(15)	58
Depreciation	2,523	3,446
Decrease/(increase) in debtors	10,794	(7,511)
Increase in creditors	108	21,688
Net cash inflow from operating activities	13,410	17,681

## Notes to the financial statements

at 31 December 2010

### 15. Notes to the statement of cash flows (continued)

#### b) Analysis of cash flows for headings netted in the statement of cash flows

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Returns on investments and servicing of finance:		
Interest received	82	41
	<u>82</u>	<u>41</u>
	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Taxation:		
UK corporation tax received	38	30
	<u>38</u>	<u>30</u>
	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Capital expenditure and financial investment:		
Payments to acquire tangible fixed assets	(1,090)	(891)
	<u>(1,090)</u>	<u>(891)</u>
	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Management of liquid resources:		
Increase in short term deposits	(5,243)	(10,441)
	<u>(5,243)</u>	<u>(10,441)</u>

#### c) Analysis of changes in net cash inflow

	<i>At 1</i>		<i>At 31</i>
	<i>January</i>		<i>December</i>
	<i>2010</i>	<i>Cashflow</i>	<i>2010</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>
Cash	12,001	7,197	19,198
Short term deposits	23,291	5,243	28,534
	<u>35,292</u>	<u>12,440</u>	<u>47,732</u>

Short term deposits are included within cash at bank and in hand in the balance sheet.

### 16. Pension commitments

The company contributes to various personal pension schemes. There were no outstanding amounts owing at the year end.

## Notes to the financial statements

at 31 December 2010

### 17. Other financial commitments

At 31 December the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Operating leases which expire:		
Between two to five years	456	456
	<u>          </u>	<u>          </u>
	<i>Plant and machinery</i>	
	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Operating leases which expire:		
Within one year	715	628
Within two to five years	-	174
	<u>          </u>	<u>          </u>

### 18. Related party transactions

Under UK accounting standards, transactions between a company and a significant shareholder with common management, or directly with its shareholders, are deemed to be related party transactions. All related party transactions were made on a fully arms length basis. During the year € 18,813,000 of sales was derived from shareholders (2009 – €17,183,000). Sales during the year and amounts due from/ (owed to) related parties at year end, are as follows.

<i>Related party</i>	<i>Relationship</i>	<i>Sales to/(purchases from)</i>		<i>Amounts owed by/(due to)</i>	
		<i>related party</i>		<i>related party</i>	
		<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
		<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
K Ullmann	Chief Executive of DFN, which holds 165,000 ordinary shares in DANTE	1,646	1,433	50	-
T Brunner	Chief Executive of SWITCH, which holds 110,000 ordinary shares in DANTE	724	703	111	96
R Day	Chief Technology Officer of JANET, (who represent HEFC-E), HEFC-E holds 165,000 ordinary shares in DANTE	1,700 (47)	1,446 (77)	- -	- -
I Maric	Director of DANTE	900	883	66	(260)
R Buch	Chief Executive Officer of NORDUnet which holds 82,500 ordinary shares in DANTE1	1,493	1,312	-	-