

Registered number: 03137929

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**COMPANY INFORMATION**

---

**Directors** Mr M A Blanche (appointed 20 May 2015)  
Ms N Bargisen (resigned 20 May 2015)  
Mr P W Gilmore  
Mr T S A Lahtinen  
Mr T Mangin  
Mr N McRae  
Mr W M B Steele (appointed 1 June 2015)  
Mr J B Souter  
Mr S Wright

**Registered number** 03137929

**Registered office** Trinity Court  
Trinity Street  
Priestgate  
Peterborough  
Cambridgeshire  
PE1 1DA

**Independent auditors** haysmacintyre  
26 Red Lion Square  
London  
WC1R 4AG

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**CONTENTS**

---

	Page
<b>Group Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Independent Auditors' Report</b>	5 - 6
<b>Consolidated Statement of Income and Retained Earnings</b>	7
<b>Consolidated Balance Sheet</b>	8
<b>Company Balance Sheet</b>	9
<b>Consolidated Statement of Cash Flows</b>	10
<b>Notes to the Financial Statements</b>	11 - 23

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**INTRODUCTION**

The company's principal activity is to provide interconnectivity between members and to promote the interests of its members.

**BUSINESS REVIEW**

The directors consider that the company has performed very well during the financial year, with very satisfactory results across all of the metrics we use to measure our performance.

Specifically, connected capacity growth was very strong, and this had a key influence on our financial performance. To illustrate this, London Internet Exchange Limited ("LINX") reached a connected capacity peak of 10Tb/s by the end of 2014 (our 20th year in business) and this increased by 50% to 15Tb/s by the end of 2015.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Whilst in general we operated within our agreed budget, the dramatic increase in member capacity (expressed through orders of 100G ports running at much more than double our forecast) meant that the Board authorised 50% more capital expenditure than originally planned.

The strong order position meant that we were able to afford this additional expenditure from within our operating cashflow. To put this into numbers, we spent £8,235,146 on capital equipment in 2015, the vast majority of which was on network equipment.

**FINANCIAL KEY PERFORMANCE INDICATORS**

We had originally planned for a substantial deficit in 2015, reflecting a desire to return funds to members - but this was overtaken by events.

We would have ended the year with a small surplus on an underlying basis, but after reflecting the accounting treatment over the full length of the lease of the rent-free period we successfully negotiated for our new London office during 2015, we ended up with a deficit of ~£224k.

Operational expenditure was much closer to the original plan, although the detailed breakdown was influenced by the change (from original budget assumptions) in the member port demand pattern.

Since the cashflow positive nature of the rent free period has already been realised, the directors consider that they have maintained an appropriate balance in our financial situation, and members seem quite content that we can continue to grow network capacity in a satisfactory manner in the face of the significant unanticipated demand during 2015.

During the period covered by this report, we have continued the policy of reducing prices - and this continues to be vindicated by the high rate of new membership applications (138 in 2015). This financial policy has been explicitly endorsed by a membership vote.

**OTHER KEY PERFORMANCE INDICATORS**

The traffic carried at LINX again grew strongly during the trading period, and we finished the year with total peak traffic of just over 3 Tb/sec overall on the exchange (up around 30%).

LINX membership growth has been pleasing, and the number of members was at 664 at the end of 2015 (a net growth of 101). This growth in membership assists all current members, since it provides new peering opportunities - which is the practical method of interconnectivity which LINX facilitates.

LINX remains one of the largest and most important Internet Exchanges in the world. LINX continues to attract new members from Europe, the Middle East, Asia, Africa, the Americas and Australasia, having established itself as a key facility on a global scale.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**STRATEGIC REPORT (continued)**

---

The London Internet Exchange is now a group of four companies. Audited accounts are being published for two members of the group: London Internet Exchange Ltd, established in 1994, (LINX) and London Internet Exchange Trading Ltd, established in 2013, (LINX Trading). This report covers both LINX and the group as a whole.

The group comprises two other companies: LINX USA Inc and LINX America Inc. LINX USA was established in 2013 as the operational vehicle for LINX NoVA, our exchange in North Virginia, and LINX America was established late last year to support the promotion of LINX NoVA. We fully comply with all relevant filing obligations in the USA for LINX USA Inc, but there is no requirement for the production of a set of audited accounts in the manner of this report. LINX America has only existed for a short time, so there isn't a long enough history of accounts to audit anyway.

Below we present a summary of the financial affairs of the whole group, which we trust will put everything into context.

The LINX Group reported a consolidated deficit of £248,905.

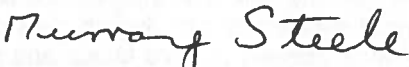
This is attributed as follows:

LINX £ (224,322) (deficit)

LINX Trading £ (3,257) (deficit)

LINX USA £ (21,326) (deficit)

This report was approved by the board on 31 March 2016 and signed on its behalf.

  
**Mr W M B Steele**  
Director

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

The directors present their report and the financial statements for the year ended 31 December 2015.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the surplus or deficit of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**RESULTS**

The deficit for the year, after taxation, amounted to £248,905 (2014 -surplus £1,684,257).

**DIRECTORS**

The directors who served during the year were:

Mr M A Blanche (appointed 20 May 2015)  
Ms N Bargisen (resigned 20 May 2015)  
Mr P W Gilmore  
Mr T S A Lahtinen  
Mr T Mangin  
Mr N McRae  
Mr W M B Steele (appointed 1 June 2015)  
Mr J B Souter  
Mr S Wright

**LONDON INTERNET EXCHANGE LIMITED**  
(A Company Limited by Guarantee)

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Group since the year end.

**AUDITORS**

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 March 2016 and signed on its behalf.



**Mr W M B Steele**  
Director

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON INTERNET EXCHANGE LIMITED**

---

We have audited the financial statements of London Internet Exchange Limited for the year ended 31 December 2015, set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Directors' Responsibilities Statement, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's deficit 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.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Group Strategic Report and the Directors' 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:

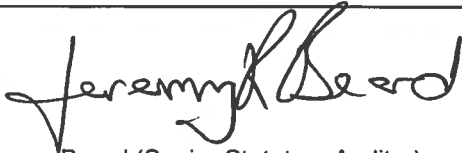
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors'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



**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON INTERNET EXCHANGE LIMITED**

---



Jeremy Beard (Senior Statutory Auditor)

for and on behalf of  
**haysmacintyre**

Statutory Auditors

26 Red Lion Square  
London  
WC1R 4AG

31 March 2016

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015 £	2014 £
Income	3	13,278,544	12,610,042
Distribution costs		(340,294)	(301,386)
Administrative expenses		(14,243,436)	(11,509,664)
Other operating income	4	<u>1,048,871</u>	<u>876,828</u>
<b>Operating (deficit)/surplus</b>	5	(256,315)	1,675,820
Interest receivable and similar income		<u>9,264</u>	<u>10,546</u>
<b>(Deficit)/surplus on ordinary activities before taxation</b>		(247,051)	1,686,366
Taxation on (deficit)/surplus on ordinary activities	9	<u>(1,854)</u>	<u>(2,109)</u>
<b>(Deficit)/surplus on ordinary activities after taxation</b>		(248,905)	1,684,257
Retained earnings at the beginning of the year		11,724,488	10,040,231
(Deficit)/surplus for the year attributable to the members of the parent		<u>(248,905)</u>	<u>1,684,257</u>
<b>Retained earnings at the end of the year</b>		<u><u>11,475,583</u></u>	<u><u>11,724,488</u></u>

The notes on pages 11 to 23 form part of these financial statements.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER:03137929**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

		2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	11	8,326,027	4,829,703
		<u>8,326,027</u>	<u>4,829,703</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	13	3,063,377	2,301,061
Cash at bank and in hand	14	3,009,297	6,918,771
		<u>6,072,674</u>	<u>9,219,832</u>
Creditors: Amounts falling due within one year	15	<u>(2,923,118)</u>	<u>(2,325,047)</u>
<b>Net current assets</b>		<u>3,149,556</u>	<u>6,894,785</u>
<b>Total assets less current liabilities</b>		<u>11,475,583</u>	<u>11,724,488</u>
<b>Net assets</b>		<u><u>11,475,583</u></u>	<u><u>11,724,488</u></u>
<b>Reserves</b>			
Income and expenditure account		<u>11,475,583</u>	<u>11,724,488</u>
<b>Reserves attributable to members of the parent company</b>		<u><u>11,475,583</u></u>	<u><u>11,724,488</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2016.

*Murray Steele*

**Mr W M B Steele**  
 Director

The notes on pages 11 to 23 form part of these financial statements.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER:03137929**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

		2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	11	8,239,318	4,721,907
Investments	12	1	1
		<u>8,239,319</u>	<u>4,721,908</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	13	3,556,806	2,646,394
Cash at bank and in hand	14	2,759,816	6,839,851
		<u>6,316,622</u>	<u>9,486,245</u>
Creditors: Amounts falling due within one year	15	<u>(2,912,247)</u>	<u>(2,340,137)</u>
<b>Net current assets</b>		3,404,375	7,146,108
<b>Total assets less current liabilities</b>		<u>11,643,694</u>	<u>11,868,016</u>
<b>Net assets</b>		<u>11,643,694</u>	<u>11,868,016</u>
<b>Reserves</b>			
Income and expenditure account		<u>11,643,694</u>	<u>11,868,016</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2016.

*Murray Steele*

**Mr W M B Steele**  
 Director

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the financial year	(248,905)	1,684,257
<b>Adjustments for:</b>		
Depreciation of tangibles	4,738,822	3,791,116
Interest received	(9,264)	(10,546)
Taxation charge	1,854	2,109
Increase in debtors	(762,317)	(521,588)
Increase in creditors	611,244	469,170
Decrease in corporation tax liability	(15,026)	-
<b>Net cash generated from operating activities</b>	<u>4,316,408</u>	<u>5,414,518</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(8,235,146)	(2,848,718)
Interest received	9,264	10,546
<b>Net cash from investing activities</b>	<u>(8,225,882)</u>	<u>(2,838,172)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(3,909,474)</u>	<u>2,576,346</u>
Cash and cash equivalents at beginning of year	6,918,771	4,342,425
<b>Cash and cash equivalents at the end of year</b>	<u>3,009,297</u>	<u>6,918,771</u>
Cash at bank and in hand	<u>3,009,297</u>	<u>6,918,771</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied.

**1.2 BASIS OF CONSOLIDATION**

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

**1.3 INCOME**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured. Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before income is recognised:

Income from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of income can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**1. ACCOUNTING POLICIES (continued)**

**1.4 TANGIBLE FIXED ASSETS**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Income and Retained Earnings during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Leasehold property improvements - 5 years straight line  
Network assets - 3-4 years straight line  
Computer equipment - 3-4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

**1.5 OPERATING LEASES**

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

**1.6 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**1. ACCOUNTING POLICIES (continued)**

**1.7 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.8 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.9 FINANCIAL INSTRUMENTS**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

**1.10 CREDITORS**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**1. ACCOUNTING POLICIES (continued)**

**1.11 FOREIGN CURRENCY TRANSLATION**

**Functional and presentational currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Financial statements of overseas subsidiaries are translated at the rate ruling at the balance sheet date for the balance sheet items, and the average rate for the year for the items in the Statement of Income and Retained Earnings.

**1.12 PENSIONS**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**1.13 TAXATION**

Tax is recognised in the Statement of Income and Retained Earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

**3. ANALYSIS OF INCOME**

Analysis of income by location of invoice address:

	2015 £	2014 £
United Kingdom	6,365,320	6,206,295
Rest of Europe	4,028,067	3,885,074
Rest of the world	2,885,157	2,518,673
	<u>13,278,544</u>	<u>12,610,042</u>

The whole of the income is attributable to the one principal activity of the group. The analysis of turnover provided has been derived from the Group's accounting records and as such represents the invoicing address of the member. Were income to be analysed based on the operating location of the members it would provide an alternate analysis which would be in line with the continued global expansion referred to in the Strategic Report.

**4. OTHER OPERATING INCOME**

	2015 £	2014 £
Recharges	985,535	876,828
Rents receivable	63,336	-
	<u>1,048,871</u>	<u>876,828</u>

Recharges consist of amounts paid on behalf of members, the associated cost has been recognised within administrative expenses.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**5. OPERATING (DEFICIT)/SURPLUS**

The operating deficit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets	4,738,822	3,791,116
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	8,750	10,500
Exchange differences	126,324	3,650
Defined contribution pension cost	252,669	268,374
	<u>                    </u>	<u>                    </u>

**6. AUDITORS' REMUNERATION**

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	8,750	10,500
	<u>                    </u>	<u>                    </u>
	8,750	10,500
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
The auditing of accounts of subsidiaries of the group	3,250	2,000
Other services relating to taxation	1,350	1,150
Internal audit services	5,000	-
	<u>                    </u>	<u>                    </u>
	9,600	3,150

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**7. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	3,477,723	2,990,306
Social security costs	393,196	304,957
Cost of defined contribution scheme	252,669	268,374
	<u>4,123,588</u>	<u>3,563,637</u>

The senior management team are considered to be key management personnel. Total remuneration in respect of these individuals is £783,229 (2014: £724,200).

The average monthly number of employees, including the executive director, during the year was as follows:

	2015	2014
	No.	No.
Administrative staff	48	42
Management staff	5	7
	<u>53</u>	<u>49</u>

**8. DIRECTORS' REMUNERATION**

	2015	2014
	£	£
Directors' emoluments	335,277	298,743
Company contributions to defined contribution pension schemes	14,530	14,203
	<u>349,807</u>	<u>312,946</u>

During the year retirement benefits were accruing to 1 director (2014 -1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £198,248 (2014 -£176,850).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,530 (2014 -£14,203).

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**9. TAXATION**

	2015 £	2014 £
<b>UK corporation tax</b>		
Current tax on surplus for the year	1,854	2,109
<b>Total current tax</b>	<u>1,854</u>	<u>2,109</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20% (2014 lower than - 20%). The differences are explained below:

	2015 £	2014 £
(Deficit)/surplus on ordinary activities before tax	(247,051)	1,686,366
(Deficit)/surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 -20%)	(49,410)	337,273
<b>Effects of:</b>		
Amounts not subject to corporation tax	51,264	(335,164)
<b>Current tax charge for the year</b>	<u>1,854</u>	<u>2,109</u>

**10. PARENT COMPANY SURPLUS FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements. The deficit after tax of the parent Company for the year was £224,323 (2014 -surplus £1,827,785).

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**11. TANGIBLE FIXED ASSETS**

**Group**

	Leasehold property £	Network Assets £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2015	245,215	27,761,844	-	28,007,059
Additions	300,767	7,839,254	95,125	8,235,146
<b>At 31 December 2015</b>	<u>545,982</u>	<u>35,601,098</u>	<u>95,125</u>	<u>36,242,205</u>
<b>Depreciation</b>				
At 1 January 2015	178,221	22,999,135	-	23,177,356
Charge owned for the period	71,129	4,652,176	15,517	4,738,822
<b>At 31 December 2015</b>	<u>249,350</u>	<u>27,651,311</u>	<u>15,517</u>	<u>27,916,178</u>
<b>At 31 December 2015</b>	<u>296,632</u>	<u>7,949,787</u>	<u>79,608</u>	<u>8,326,027</u>
At 31 December 2014	<u>66,994</u>	<u>4,762,709</u>	-	<u>4,829,703</u>

**Company**

	Leasehold property £	Network Assets £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2015	245,215	27,518,149	-	27,763,364
Additions	300,767	7,816,645	95,125	8,212,537
<b>At 31 December 2015</b>	<u>545,982</u>	<u>35,334,794</u>	<u>95,125</u>	<u>35,975,901</u>
<b>Depreciation</b>				
At 1 January 2015	178,221	22,863,236	-	23,041,457
Charge owned for the period	71,129	4,608,480	15,517	4,695,126
<b>At 31 December 2015</b>	<u>249,350</u>	<u>27,471,716</u>	<u>15,517</u>	<u>27,736,583</u>
<b>At 31 December 2015</b>	<u>296,632</u>	<u>7,863,078</u>	<u>79,608</u>	<u>8,239,318</u>
At 31 December 2014	<u>66,994</u>	<u>4,654,913</u>	-	<u>4,721,907</u>

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**12. FIXED ASSET INVESTMENTS**  
**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
London Internet Exchange Trading Limited	UK	Ordinary	100 %	Marketing and events
LINX USA Incorporated	USA		NIL %	Internet Exchange
LINX America Incorporated	USA		NIL %	Non trading

The balances and transactions of LINX USA Incorporated have been included in the consolidated financial statements by virtue of the fact that the sole member of LINX USA Incorporated is the company's wholly owned subsidiary, London Internet Exchange Trading Limited. It is therefore deemed to be under the control of the group. LINX America is a wholly owned subsidiary of London Internet Exchange Trading Limited.

**Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2015	1
<b>At 31 December 2015</b>	<u>1</u>
<b>At 31 December 2015</b>	<u>1</u>
<b>At 31 December 2014</b>	<u><u>1</u></u>

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**13. DEBTORS**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
<b>Due within one year</b>				
Trade debtors	392,035	374,733	370,298	361,880
Amounts owed by group undertakings	-	-	579,087	310,167
Other debtors	279,351	98,753	215,430	146,772
Prepayments and accrued income	2,391,991	1,827,575	2,391,991	1,827,575
	<u>3,063,377</u>	<u>2,301,061</u>	<u>3,556,806</u>	<u>2,646,394</u>

**14. CASH AND CASH EQUIVALENTS**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	3,009,297	6,918,771	2,759,816	6,839,851
	<u>3,009,297</u>	<u>6,918,771</u>	<u>2,759,816</u>	<u>6,839,851</u>

**15. CREDITORS: Amounts falling due within one year**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	1,660,384	1,528,115	1,659,513	1,522,197
Amounts owed to group undertakings	-	-	-	24,009
Corporation tax	1,854	15,026	1,854	15,026
Taxation and social security	407,581	294,609	407,581	294,609
Other creditors	132,283	118,210	132,283	115,209
Accruals and deferred income	721,016	369,087	711,016	369,087
	<u>2,923,118</u>	<u>2,325,047</u>	<u>2,912,247</u>	<u>2,340,137</u>



**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**16. FINANCIAL INSTRUMENTS**

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
<b>Financial assets</b>				
Financial assets measured at amortised cost	734,724	473,486	1,228,153	818,818
	<u>734,724</u>	<u>473,486</u>	<u>1,228,153</u>	<u>818,818</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(2,202,102)	(1,955,960)	(2,201,231)	(1,971,050)
	<u>(2,202,102)</u>	<u>(1,955,960)</u>	<u>(2,201,231)</u>	<u>(1,971,050)</u>

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings, other debtors, and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, corporation tax, taxation and social security and other creditors.

**17. RESERVES**

The company's sole reserve is the income and expenditure account, this represents accumulated comprehensive income of the year and prior periods.

**18. COMPANY STATUS**

The members' liability is limited. Every member of the group undertakes to contribute to the assets of the group in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payments of the debts and liabilities of the group contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such and for the amount as may be required not exceeding one pound.

**19. PENSION COMMITMENTS**

The group makes contributions to employees' personal pension plans. The assets of the plans are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £252,669 (2014 -£271,091). Contributions totalling £97,223 (2014 -£115,210) were payable to the fund at the balance sheet date.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**20. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2015 the Group and the Company had future minimum rentals payable under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Not later than 1 year	-	105,768	-	105,768
Later than 1 year and not later than 5 years	2,626,576	258,300	2,626,576	258,300
<b>Total</b>	<u>2,626,576</u>	<u>364,068</u>	<u>2,626,576</u>	<u>364,068</u>

The Company entered into a new 10 year office lease during 2015, with a break after 5 years, which has resulted in an increased operating lease commitment at the year end.

**21. RELATED PARTY TRANSACTIONS**

During the year transactions took place with Netconnex Broadband Limited, a company in which director Mr T S A Lahtinen has a significant interest. Sales to Netconnex Broadband Limited totalled £8,460 (2014: £12,100). At the balance sheet date there were no amounts outstanding (2014: £nil) from Netconnex Broadband Limited.

During the year transactions took place with Clear Connect Limited, a company in which director Mr S Wright has a significant interest. Purchases from Clear Connect Limited totalled £24,686 (2014: £nil). At the balance sheet date there were no amounts outstanding (2014: £nil) with Clear Connect Limited.

During the year transactions took place with WMB Steele (2009) & Co. Limited, a company in which director Mr W M B Steele has a significant interest. Purchases from WMB Steele (2009) & Co. Limited totalled £25,839 (2014: £nil). At the balance sheet date there was £7,455 outstanding (2014: £nil) with WMB Steele (2009) & Co. Limited.

During the year the group made sales to Exa Networks Limited, a company in which director Mr T Mangin has a material interest. Sales to Exa Networks Limited totalled £18,906 (2014: £21,427). At the balance sheet date £5,008 was outstanding (2014: £nil) from Exa Networks Limited. During the year the company also made purchases from Exa Networks Limited of £18,778 (2014: £15,203). At the balance sheet date there were no outstanding amounts (2014: £nil) to Exa Networks Limited.

**22. FIRST TIME ADOPTION OF FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

**LONDON INTERNET EXCHANGE LIMITED**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

