

East Lancashire Chamber of Commerce and Industry
Company Limited by Guarantee
Financial Statements
For the Year Ended
31 December 2016



BEEVER AND STRUTHERS
Chartered accountant & statutory auditor
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Financial Statements

Year Ended 31 December 2016

Contents	Pages
Officers and Professional Advisers	1
Directors' Report	2 to 4
Independent Auditor's Report to the Members	5 to 6
Statement of Comprehensive Income	7
Statement of Financial Position	8 to 9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 to 24

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Officers and Professional Advisers

The Board of Directors

M C Damms
A B Mitchell
P M Conroy
S A Butt
J C Barker
S E Greenhalgh
D S J Holmes
W E Bowers
M Hope
A Weekes
N A Bullows
S Gray
G Fitton
D Sharpe
S Taylor
C Whelan
C L Ogden
S Bentley
L Nutter
A J McLaughlin
A S Jackson
J Parry

Company Secretary

L Gaskell

Registered Office

Red Rose Court
Clayton Business Park
Clayton Le Moors
Accrington
Lancashire
BB5 5JR

Auditor

Beever and Struthers
Chartered accountant & statutory auditor
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Directors' Report

Year Ended 31 December 2016

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

Principal activities and review of the business

During the year there were three major national issues which affected the economic environment: the EU referendum in June, the weakening of sterling and the continued rebalancing of the economy. In addition there was a new Prime Minister, Chancellor and other changes in Government including the creation of departments for Brexit, International Trade (DIT) and integrations to form the department for Business, Environment & Skills (BEIS). The UK continued to hit record levels of employment, led by the private sector and unemployment continued to fall, but the challenge to double exports was palpably failed.

The Chamber continued to build on its core philosophy of being outward facing and influential in its lobbying and partnering, for example directly helping establish the £450m Northern Powerhouse Investment Fund. To ensure that it was truly representative of all industry, and that it campaigned on relevant subjects, Council comprised 24 directors, and similarly the Diamond Ambassadors' cross-sector focus group was maintained at 60 companies.

With the continuing advent of localism and business-community engagement, and the restoration of civic-pride, the Chamber supported all of the Borough-based groupings (Burnley Bondholders, Blackburn HIVE, Pendle Vision, and as 'chairs' the Rossendale and Ribble Valley. It proved more difficult to sustain Hyndburn.

We also continued to actively contribute to the NW through the Leaders' Board and the NW Manufacturing Group, as well as the Board of Business Support Solutions providing UKTI and International Trade Services for the Region.

At Lancashire level, the LEP, where the Chamber is designated 'champion' for SME's, continued its record of success in developing infrastructure, especially in respect of industrial estates and transport, and bringing forward additional Enterprise Zones and providing skills and business support and providing infrastructure improvement in most areas through its competitively won growth deals. The Chamber, having vast experience served the County's ESIF committee overseeing the new £200m plus European Funding programme for Lancashire and were vice-chairs of the BOOST Growth Hub. Latterly we prepared Lancashire's Internationalisation and International Trade Strategy.

Our core business support services continued to reflect East Lancashire's economy, concentrating on International Trade, Purchase & Supply (including CIPS), Leadership and Internet Services. Besides assisting established wealth-generating businesses improve their competitiveness and find new markets, for example through the International Trade Club, the 'Construction Connections' Group, or the newly formed Manufacturing Group. We also supported individuals with aspirations to start businesses, delivering the New Enterprise allowance scheme, in conjunction with Job Centre Plus, which saw volunteer business mentors generously help over 400 East Lancashire people in their endeavour to move from benefits to starting up in business. The Lancashire Business Growth Fund (RGF), where the Chamber is the lead partner, was on track for delivering £8m of grants to SMEs for machinery and premises investments.

For Chamber trading, while membership was static, there was heightened demand for business support services and a significant contribution from commercial services delivered outside East Lancashire, some by distance learning, but whose profits/ surpluses were re-invested in the area. The rental/ investment property unfortunately remained vacant for much of the year, dragging down an underlying trading surplus to create a rare loss overall. The Directors are however pleased to be able to report both that services have been enhanced and a substantial long term tenant subsequently secured, so profitability should be restored and the balance sheet remains healthy.

The members, President, Council and Diamond Ambassadors are thanked for their continued support.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Directors' Report *(continued)*

Year Ended 31 December 2016

Directors

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

M C Damms
A B Mitchell
P M Conroy
S A Butt
J C Barker
S E Greenhalgh
D S J Holmes
W E Bowers
M Hope
A Weekes
N A Bullows
S Gray
G Fitton
D Sharpe
S Taylor
C Whelan
C L Ogden
S Bentley
L Nutter
A J McLaughlin
A S Jackson
J Parry
S M Anderson

(Appointed 15 February 2016)

(Resigned 19 April 2016)

Directors' Responsibilities Statement

The directors are responsible for preparing 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 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 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 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 company will continue in business.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Directors' Report *(continued)*

Year Ended 31 December 2016

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 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.

Auditor

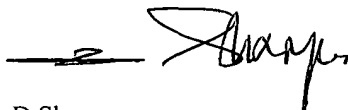
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 24/12/17 and signed on behalf of the board by:



D Sharpe
Director

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Independent Auditor's Report to the Members of East Lancashire Chamber of Commerce and Industry

Year Ended 31 December 2016

We have audited the financial statements of East Lancashire Chamber of Commerce and Industry for the year ended 31 December 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 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 Auditor

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

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 directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss 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.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Independent Auditor's Report to the Members of East Lancashire Chamber of Commerce and Industry (continued)

Year Ended 31 December 2016

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; and
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Suzanne Lomax (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountant & statutory auditor
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

24 Apr 2017

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Statement of Comprehensive Income

Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	5	5,574,093	2,262,863
Other operating income	6	<u>43,483</u>	<u>87,797</u>
		5,617,576	2,350,660
Staff costs	9	(899,406)	(864,703)
Depreciation and other amounts written off tangible and intangible fixed assets		(18,589)	(18,040)
Other operating expenses		<u>(4,738,952)</u>	<u>(1,412,132)</u>
Operating (loss)/profit	7	(39,371)	55,785
Interest payable and similar expenses	11	<u>(9,518)</u>	<u>(8,952)</u>
(Loss)/profit before taxation		(48,889)	46,833
Tax on (loss)/profit	12	<u>16,297</u>	<u>(8,240)</u>
(Loss)/profit for the financial year		<u>(32,592)</u>	<u>38,593</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	1,768,583	1,777,313
Investments	14	1	1
		<u>1,768,584</u>	<u>1,777,314</u>
Current assets			
Debtors	15	362,042	332,314
Cash at bank and in hand		<u>2,053,514</u>	<u>1,874,322</u>
		2,415,556	2,206,636
Creditors: amounts falling due within one year	16	<u>(353,779)</u>	<u>(319,622)</u>
Net current assets		2,061,777	1,887,014
Total assets less current liabilities		<u>3,830,361</u>	<u>3,664,328</u>
Creditors: amounts falling due after more than one year	17	(377,013)	(437,284)
Provisions	18	(21,194)	(37,491)
Accruals and deferred income		<u>(2,301,929)</u>	<u>(2,026,736)</u>
Net assets		<u>1,130,225</u>	<u>1,162,817</u>
Capital and reserves			
Revaluation reserve	22	69,131	—
Other reserves, including the fair value reserve	22	538,818	599,732
Profit and loss account	22	522,276	563,085
Members funds		<u>1,130,225</u>	<u>1,162,817</u>

The statement of financial position
continues on the following page.

The notes on pages 12 to 23 form part of these financial statements.


East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Statement of Financial Position *(continued)*

31 December 2016

These financial statements were approved by the board of directors and authorised for issue on 24/4/17, and are signed on behalf of the board by:



D Sharpe
Director

Company registration number: 24084

The notes on pages 12 to 23 form part of these financial statements.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Statement of Changes in Equity

Year Ended 31 December 2016

		Revaluation reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
At 1 January 2015		–	596,672	527,552	1,124,224
Profit for the year				38,593	38,593
Other comprehensive income for the year:					
Reclassification from profit and loss					
Reserve to revaluation reserve	12	–	3,060	(3,060)	–
Total comprehensive income for the year		–	3,060	35,533	38,593
At 31 December 2015		–	599,732	563,085	1,162,817
Loss for the year				(32,592)	(32,592)
Other comprehensive income for the year:					
Transfer between reserves		69,131	(69,131)	–	–
Reclassification from profit and loss					
Reserve to revaluation reserve	12	–	8,217	(8,217)	–
Total comprehensive income for the year		69,131	(60,914)	(40,809)	(32,592)
At 31 December 2016		<u>69,131</u>	<u>538,818</u>	<u>522,276</u>	<u>1,130,225</u>

The notes on pages 12 to 23 form part of these financial statements.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Statement of Cash Flows

Year Ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(32,592)	38,593
<i>Adjustments for:</i>		
Depreciation of tangible assets	18,589	18,040
Interest payable and similar expenses	9,518	8,952
Tax on (loss)/profit	(16,297)	8,240
Accrued expenses	275,193	1,601,737
<i>Changes in:</i>		
Trade and other debtors	(29,728)	43,812
Trade and other creditors	34,310	35,642
Cash generated from operations	258,993	1,755,016
Interest paid	(9,518)	(8,952)
Tax paid	–	(11,869)
Net cash from operating activities	<u>249,475</u>	<u>1,734,195</u>
Cash flows from investing activities		
Purchase of tangible assets	(9,859)	(2,527)
Net cash used in investing activities	<u>(9,859)</u>	<u>(2,527)</u>
Cash flows from financing activities		
Loans repaid	(60,424)	(59,596)
Net cash used in financing activities	<u>(60,424)</u>	<u>(59,596)</u>
Net increase in cash and cash equivalents	179,192	1,672,072
Cash and cash equivalents at beginning of year	<u>1,874,322</u>	<u>202,250</u>
Cash and cash equivalents at end of year	<u>2,053,514</u>	<u>1,874,322</u>

Included within the cash balance of £2,053,514 is an amount of £1,850,000 representing Regional Growth Fund grants monies received which are to be distributed to qualifying businesses post year end. For further details see the accounting policy 'Revenue Recognition' on page 13 and note 5.

The notes on pages 12 to 23 form part of these financial statements.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements

Year Ended 31 December 2016

1. General Information

The company is a private company limited by guarantee, registered in England and Wales. The address of the registered office is Red Rose Court, Clayton Business Park, Clayton Le Moors, Accrington, Lancashire, BB5 5JR.

The principal activities of the company are those of a trade association, lobbying on behalf of members, providing business support services and representing the business community.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 24.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting Policies *(continued)*

Judgements and Key Sources of Estimation Uncertainty *(continued)*

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Determination of whether leases entered into by the company as lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.
- Determination of whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determination of whether material variances have arisen on the valuation of the company's investment properties. Assessments take into consideration the current market conditions.

Revenue Recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

The company receives grant income from the Regional Growth Fund this is then distributed to qualifying businesses in accordance with the terms of the grant. As the company acts as principal the income and expenditure is shown gross.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting Policies *(continued)*

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting Policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long Leasehold Property	- 2% straight line
Fixtures and fittings	- 10% Reducing balance/ 33% Straight line

Investment properties are not depreciated.

Investment property

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in the statement of comprehensive income.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

3. Accounting Policies *(continued)*

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Government Grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grant towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

4. Company Limited by Guarantee

At 31 December 2016 each of the members of the company agrees, in the event of the company being wound up, to contribute to any deficiency in assets a sum not exceeding £1.

5. Turnover

Turnover arises from:

	2016 £	2015 £
Rendering of services	1,964,963	1,792,147
Grants	3,609,130	470,716
	<u>5,574,093</u>	<u>2,262,863</u>

The turnover figure £5,574,093 (2015: £2,262,863) includes £3,918,147 (2015: £611,181) of RGF grant project income of which £3,609,130 (2015: £470,716) represented grants provided to third party companies.

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Other operating income of £43,483 (2015: £87,797) (see note 6 below) was generated from property rentals.

The profit generated from trading activities was £41,467 (2015: £48,041), with a deficit arising on the property rentals of £90,356 (2015: £1,208).

6. Other Operating Income

	2016 £	2015 £
Rental income	<u>43,483</u>	<u>87,797</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

7. Operating (Loss) / Profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Impairment of trade debtors	1,504	(2,334)
Operating lease rentals	<u>24,887</u>	<u>27,588</u>

8. Auditor's Remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>4,410</u>	<u>4,200</u>

9. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Management staff	26	26
Number of executive directors	1	1
Number of non executive directors	<u>21</u>	<u>23</u>
	<u>48</u>	<u>50</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	710,012	701,479
Social security costs	67,891	65,404
Other pension costs	<u>121,503</u>	<u>97,820</u>
	<u>899,406</u>	<u>864,703</u>

10. Directors' Remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	59,103	60,592
Company contributions to defined contribution pension plans	<u>37,316</u>	<u>32,137</u>
	<u>96,419</u>	<u>92,729</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

11. Interest Payable and Similar Expenses

	2016	2015
	£	£
Interest on banks loans and overdrafts	<u>9,518</u>	<u>8,952</u>

12. Tax on (Loss)/Profit

Major components of tax (income)/expense

	2016	2015
	£	£
Deferred tax:		
(Credit)/charge to deferred tax provision	<u>(16,297)</u>	<u>8,240</u>
Tax on (loss)/profit	<u>(16,297)</u>	<u>8,240</u>

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016	2015
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(48,889)</u>	<u>46,833</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(9,778)</u>	<u>9,367</u>
Effect of expenses not deductible for tax purposes	98	1,676
Other timing differences	1,600	257
Indexation allowance on previously recognised revaluation gains	<u>(8,217)</u>	<u>(3,060)</u>
Tax on (loss)/profit	<u>(16,297)</u>	<u>8,240</u>

Factors that may affect future tax income

The company has estimated trading losses of £95,960 (2015: £95,960) and UK property losses of £38,373 (2015: £1,208) available for carry forward against future profits.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

13. Tangible Assets

	Freehold property £	Investment Property £	Fixtures and fittings £	Total £
Cost				
At 1 January 2016	362,811	1,495,000	194,349	2,052,160
Additions	–	–	9,859	9,859
Transfers	170,000	(170,000)	–	–
At 31 December 2016	<u>532,811</u>	<u>1,325,000</u>	<u>204,208</u>	<u>2,062,019</u>
Depreciation				
At 1 January 2016	114,660	–	160,187	274,847
Charge for the year	10,656	–	7,933	18,589
At 31 December 2016	<u>125,316</u>	<u>–</u>	<u>168,120</u>	<u>293,436</u>
Carrying amount				
At 31 December 2016	<u>407,495</u>	<u>1,325,000</u>	<u>36,088</u>	<u>1,768,583</u>
At 31 December 2015	<u>248,151</u>	<u>1,495,000</u>	<u>34,162</u>	<u>1,777,313</u>

Tangible assets held at valuation

The investment property part of Red Rose Court is not occupied by East Lancashire Chamber of Commerce and Industry.

The investment property has been revalued by the directors at the end of the accounting period, which has resulted in neither a surplus nor a deficit arising in the period. All other fixed assets are stated at cost less depreciation.

Historical cost

Included within freehold property is £170,000 recognised at fair value arising from the transfer of part of the property from investment property, representing space previously rented/available for rent which is now occupied by the company.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

13. Tangible Assets *(continued)*

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £	Investment Property £	Total £
At 31 December 2016			
Aggregate cost	96,710	753,767	850,477
Aggregate depreciation	(3,400)	—	(3,400)
Carrying value	<u>93,310</u>	<u>753,767</u>	<u>847,077</u>
At 31 December 2015			
Aggregate cost	—	850,477	850,477
Aggregate depreciation	—	—	—
Carrying value	<u>—</u>	<u>850,477</u>	<u>850,477</u>

14. Investments

	Shares in group undertakings £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>1</u>
Impairment	
At 1 Jan 2016 and 31 Dec 2016	<u>—</u>
Carrying amount	
At 31 December 2016	<u>1</u>

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Export Sales Training Limited	Ordinary	100

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2016 £	2015 £	2016 £	2015 £
Subsidiary undertakings				
Export Sales Training Limited	<u>4,184</u>	<u>4,184</u>	<u>—</u>	<u>—</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

15. Debtors

	2016	2015
	£	£
Trade debtors	136,552	151,027
Prepayments and accrued income	221,140	179,965
Other debtors	4,350	1,322
	<u>362,042</u>	<u>332,314</u>

16. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	60,470	60,623
Trade creditors	179,847	122,953
Amounts owed to group undertakings	4,183	4,183
Social security and other taxes	50,145	63,906
Other creditors	59,134	67,957
	<u>353,779</u>	<u>319,622</u>

17. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans and overdrafts	<u>377,013</u>	<u>437,284</u>

Included within creditors: amounts falling due after more than one year is an amount of £120,230 (2015: £184,228) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loan and any overdraft are secured by a first legal mortgage over the company's leasehold and investment property and an unlimited debenture incorporating a fixed and floating charge over the assets of the company. The bank loan is repayable in equal monthly instalments and interest is charged at a fixed rate of 2.38%.

18. Provisions

	Deferred tax (note 19)
	£
At 1 January 2016	37,491
Movement in year	<u>(16,297)</u>
At 31 December 2016	<u>21,194</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

19. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Accelerated capital allowances	13,500	13,640
Carried forward losses	(26,680)	(19,417)
Other	(2,200)	(1,523)
Revaluation of investment property	36,574	44,791
	<u>21,194</u>	<u>37,941</u>

20. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £121,503 (2015: £97,820).

Contributions of £11,043 (2015: £7,615) were payable to the funds at year end and are included in creditors.

21. Financial Instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>2,194,416</u>	<u>2,026,671</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>669,604</u>	<u>685,385</u>

22. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets.

Fair value reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

23. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	23,081	15,940
Later than 1 year and not later than 5 years	40,568	6,236
Later than 5 years	200	—
	<u>63,849</u>	<u>22,176</u>

24. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2015.

Reconciliation of equity

	1 January 2015			31 December 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	1,792,827	—	1,792,827	1,777,314	—	1,777,314
Current assets	578,376	—	578,376	2,206,636	—	2,206,636
Creditors: amounts falling due within one year	(298,190)	—	(298,190)	(319,622)	—	(319,622)
Net current assets	<u>280,186</u>	<u>—</u>	<u>280,186</u>	<u>1,887,014</u>	<u>—</u>	<u>1,887,014</u>
Total assets less current liabilities	2,073,013	—	2,073,013	3,664,328	—	3,664,328
Creditors: amounts falling due after more than one year	(494,539)	—	(494,539)	(437,284)	—	(437,284)
Provisions	18,600	(47,851)	(29,251)	7,300	(44,791)	(37,491)
Accruals and deferred income	(424,999)	—	(424,999)	(2,026,736)	—	(2,026,736)
Net assets	<u>1,172,075</u>	<u>(47,851)</u>	<u>1,124,224</u>	<u>1,207,608</u>	<u>(44,791)</u>	<u>1,162,817</u>
Capital and reserves	<u>1,172,075</u>	<u>(47,851)</u>	<u>1,124,224</u>	<u>1,207,608</u>	<u>(44,791)</u>	<u>1,162,817</u>

Reconciliation of profit or loss for the year

The profit after tax increased from £35,533 to £38,593 as a result of the deferred tax credit as detailed below.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2016

24. Transition to FRS 102 *(continued)*

Under FRS102, deferred tax is recognised on investment property that is measured at fair value. Accordingly at transition a deferred tax liability of £47,851 was recognised in relation to investment property held at fair value at 1 January 2015. In the year to 31 December 2015 the company recognised a deferred tax credit of £3,060 in the Statement of Comprehensive Income.