

East Lancashire Chamber of Commerce and Industry
Company Limited by Guarantee
Financial Statements
For the Year Ended
31 December 2017

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 2017

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East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Officers and Professional Advisers

The Board of Directors

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

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 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Principal activities and review of the business

Throughout 2017, despite the national mood of confusion driven by the Brexit discussions at a supranational level, our manufacturing sector focused East Lancashire firms have continued to see buoyant trading within the UK and in their world-wide export markets. Price pressure on raw materials and fluctuating currency markets have been an additional strain but have not diminished the sector's positive results, often contrary to the nationally reported financial and professional services dominated London centric market focus.

Local industrial restrictions on trade continue to centre around specialist skills recruitment, access to finance and sufficient space coming forward for local employment zone expansion. Despite general concerns raised by Brexit, exporting confidence is extremely high, with the only serious area of alarm being identified by those firms with significant numbers of EU originated workers.

The Chamber has continued to drive forward its role of lobbying and influencing at both a national and county level on behalf of the members. Focusing efforts on our growing areas of expertise around the Northern Powerhouse, Industrial strategy, Manufacturing and Innovation and Transport and Energy Policy. Strong links forged with the Northern Powerhouse Partnership and Ministers across the portfolio have seen both raised profile but also practical results across the region and our key sectors. Through the British Chambers of Commerce our superbly experienced International Trade team have been directly influencing the development of future export support from the UK government through our role on the Brexit liaison group run by the BCC.

Chamber Council, now standing at 20 directors, and our Diamond Ambassadors have developed as a useful strategic level consultation body for our partners and politicians throughout the year. Driving the formulation of the skills report for the Northern Powerhouse Partnership and informing the development of regional strategies and Brexit impact studies for Lancashire County Council.

This increased focus on Local Authority partnership and consultation around our geographical area and high-level involvement with LCC has enabled the Chamber to more strategically position itself in the minds of the public sector and business community, whilst being an ever stronger supporter of the local area business groupings including the Hive and Bondholders. Our direct involvement in all 6 areas' business bodies has continued with significant developments now bolstering both the Ribble and Rossendale business leaders, seeing increased local authority participation and wider business community reach. The fledgling success of Amazing Accrington has been welcomed and we continue to support it to the fullest extent.

Pan NW our focus remains the reinvigoration of the Regional Manufacturing Forum with the support of the Regional Leaders' Board and the growing connection with the delivery of the Northern Powerhouse aims in line with our partner organisations and Chambers across the region. Additionally, our strong International Trade services support continues as part of the delivery mechanism for DIT via the board of Business Support Solutions and a sustained focus on the importance of International Trade support across Lancashire.

Working with Lancashire County Council and the Lancashire LEP we have been integral to the development of the County's Energy Strategy and its Innovation Plan, and an active partner in the planning of transport and infrastructure development, employment and skills strategy and the delivery of the Growth Hub / BOOST programme. The Chamber, having vast experience served the County's ESIF committee overseeing the new £200m plus European Funding programme for Lancashire and is actively working to shape its successor, the UK Shared Prosperity Fund, regionally and nationally.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Directors' Report

Year Ended 31 December 2017

Our core business support services continued to reflect East Lancashire's economy, concentrating on International Trade, Manufacturing and Construction, Purchase & Supply (including CIPS), Leadership and Management and Creative Services. Besides assisting established wealth-generating businesses improve their competitiveness and find new markets and expand their regional supply chains, for example through the ground-breaking International Trade Club, 'Construction Connections', 'Making it in Lancashire', we are also supporting our members through a diverse range of services focused around their internal processes, from our HR Forum to newly developing MDs peer to peer support groups. We also supported individuals with aspirations to start businesses, delivering the New Enterprise allowance scheme, in conjunction with Job Centre Plus.

2017 has seen the delivery of the superbly successful Lancashire Business Growth Fund programme (RGF), where the Chamber is the lead partner, drive the creation and/or safeguarding of over 900 jobs and supported in excess of £37million of private sector investment to date, in our local industries. This year has also seen the beginning of the long awaited Low Carbon programme led by the Chamber and delivering across the whole of Lancashire through our local partner network and with the close collaboration with our fellow accredited Chamber in Lancashire. Utilising European investment to create a long-term support mechanism for energy and resource efficiency in the County's businesses and drive the commercialisation and local manufacture of home grown low carbon innovations and technologies.

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. Significant delivery of East Lancashire Chamber services are now being carried out or developed through and in partnership with other Chambers across the North and nationally. This has been led by the CIPS training opportunities but with the prospect of broadening into wider business training, low carbon and international trade consultancy and training to other Chambers' staff as well as a wider pool of businesses on behalf of other Chambers of Commerce as new and more complicated systems of export support are developed, especially as part of the Brexit process. Our new branding and freshened website service explanation is supporting the wider clear communication of opportunities to our members and the broader business community.

The rental/investment property has been partially tenanted throughout 2017 with both commercial tenants and funded expansion of our own operations, improving the past situation with accounting pressures and with the prospect of full occupation coming early to mid 2018. Despite a significant financial burden from legal fees in 2018 the Chamber is pleased to have made a small surplus and delivered positive results across our varied service areas, leading to sustained positive contribution projections for 2018.

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

Year Ended 31 December 2017

Directors

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

A B Mitchell	
P M Conroy	
S A Butt	
J C Barker	
S E Greenhalgh	
D S J Holmes	
M Hope	
A Weekes	
N A Bullows	
S Gray	(Resigned 12 March 2018)
G Fitton	
D Sharpe	
C Whelan	
C L Ogden	
S Bentley	
L Nutter	
A J McLaughlin	
A S Jackson	
J Parry	
M Barker	(Appointed 24 April 2017)
A Gibbon	(Appointed 28 June 2017)
M C Damms	(Resigned 30 April 2017)
W E Bowers	(Resigned 24 April 2017)
S Taylor	(Resigned 11 January 2017)

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 2017

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

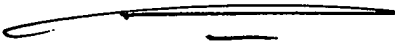
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 23/4/18 and signed on behalf of the board by:



A J McLaughlin
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 2017

Opinion

We have audited the financial statements of East Lancashire Chamber of Commerce and Industry for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 2017

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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
- the directors' report 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 in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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 2017

Responsibilities of Directors

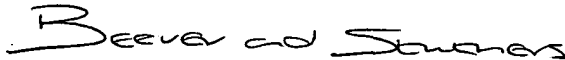
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Suzanne Lomax BA FCA (Senior Statutory Auditor)

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

23 Apr 2018

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Statement of Comprehensive Income

Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	5	4,793,419	5,574,093
Other operating income	6	61,748	43,483
		<u>4,855,167</u>	<u>5,617,576</u>
Staff costs	9	(906,687)	(899,406)
Depreciation and other amounts written off tangible and intangible fixed assets		(16,555)	(18,589)
Other operating expenses		<u>(3,917,577)</u>	<u>(4,738,952)</u>
Operating profit/(loss)	7	14,348	(39,371)
Interest payable and similar expenses	11	<u>(9,681)</u>	<u>(9,518)</u>
Profit/(loss) before taxation		4,667	(48,889)
Tax on profit/(loss)	12	<u>7,458</u>	<u>16,297</u>
Profit/(loss) for the financial year and total comprehensive income		<u><u>12,125</u></u>	<u><u>(32,592)</u></u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

East Lancashire Chamber of Commerce and Industry

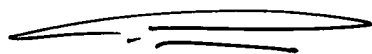
Company Limited by Guarantee

Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	1,755,448	1,768,583
Investments	14	1	1
		<u>1,755,449</u>	<u>1,768,584</u>
Current assets			
Debtors	15	417,685	362,042
Cash at bank and in hand		<u>516,785</u>	<u>2,053,514</u>
		934,470	2,415,556
Creditors: amounts falling due within one year	16	<u>(267,106)</u>	<u>(353,779)</u>
Net current assets		667,364	2,061,777
Total assets less current liabilities		<u>2,422,813</u>	<u>3,830,361</u>
Creditors: amounts falling due after more than one year	17	(315,089)	(377,013)
Provisions	18	(13,736)	(21,194)
Accruals and deferred income		<u>(951,638)</u>	<u>(2,301,929)</u>
Net assets		<u>1,142,350</u>	<u>1,130,225</u>
Capital and reserves			
Revaluation reserve	22	69,131	69,131
Other reserves, including the fair value reserve	22	549,156	538,818
Profit and loss account	22	<u>524,063</u>	<u>522,276</u>
Members funds		<u>1,142,350</u>	<u>1,130,225</u>

These financial statements were approved by the board of directors and authorised for issue on 23/4/18 and are signed on behalf of the board by:



A J McLaughlin
Director

Company registration number: 24084

The notes on pages 13 to 24 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 2017

		Revaluation reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
At 1 January 2016		–	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)	–	–
Tax relating to components of other comprehensive income	12	–	8,217	(8,217)	–
Total comprehensive income for the year		69,131	(60,914)	(40,809)	(32,592)
At 31 December 2016		69,131	538,818	522,276	1,130,225
Profit for the year				12,125	12,125
Other comprehensive income for the year:					
Tax relating to components of other comprehensive income	12	–	10,338	(10,338)	–
Total comprehensive income for the year		–	10,338	1,787	12,125
At 31 December 2017		<u>69,131</u>	<u>549,156</u>	<u>524,063</u>	<u>1,142,350</u>

The notes on pages 13 to 24 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 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit/(loss) for the financial year	12,125	(32,592)
<i>Adjustments for:</i>		
Depreciation of tangible assets	16,555	18,589
Interest payable and similar expenses	9,681	9,518
Tax on profit/(loss)	(7,458)	(16,297)
Accrued (income)/expenses	(1,384,521)	275,193
<i>Changes in:</i>		
Trade and other debtors	(55,643)	(29,728)
Trade and other creditors	(53,898)	34,310
Cash generated from operations	(1,463,159)	258,993
Interest paid	(9,681)	(9,518)
Net cash (used in)/from operating activities	(1,472,840)	249,475
Cash flows from investing activities		
Purchase of tangible assets	(3,420)	(9,859)
Net cash used in investing activities	(3,420)	(9,859)
Cash flows from financing activities		
Loans repaid	(60,469)	(60,424)
Net cash used in financing activities	(60,469)	(60,424)
Net (decrease)/increase in cash and cash equivalents	(1,536,729)	179,192
Cash and cash equivalents at beginning of year	2,053,514	1,874,322
Cash and cash equivalents at end of year	516,785	2,053,514

Included within the cash balance of £516,785 (2016: £2,053,514) is an amount of £477,975 (2016: £1,850,000) representing Regional Growth Fund grant monies which are to be distributed to qualifying businesses post year end. For further details see the accounting policy 'Revenue Recognition' on page 14 and note 5.

The notes on pages 13 to 24 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 2017

1. General Information

The company is a private company limited by guarantee, registered by 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 the 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.

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 2017

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 the policy to be applied to the treatment of government grants between the accrual method and the performance method.

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.
- 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.

Other revenue government grant income is recognised in accordance with the policy "Government Grants" on page 17.

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 2017

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 2017

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.

Investments

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

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

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.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

3. Accounting Policies *(continued)*

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.

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

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

4. Company Limited by Guarantee

At 31 December 2017 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:

	2017 £	2016 £
Rendering of services	1,824,805	1,964,963
Grants – Regional Growth Fund	2,942,178	3,609,130
Grants - Other	26,436	–
	<u>4,793,419</u>	<u>5,574,093</u>

The turnover figure £4,793,419 (2016: £5,574,093) includes £2,992,669 (2016: £3,918,147) of RGF grant project income of which £2,942,178 (2016: £3,609,130) 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 £61,748 (2016: £43,483) (see note 6 below) was generated from property rentals.

The profit generated from trading activities was £9,930 (2016: £30,216), with a deficit arising on the property rentals of £5,263 (2016: £79,105).

6. Other Operating Income

	2017 £	2016 £
Rental income	<u>61,748</u>	<u>43,483</u>

7. Operating Profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Depreciation	16,555	18,589
Operating lease rentals	<u>12,849</u>	<u>24,887</u>

8. Auditor's Remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>4,631</u>	<u>4,410</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

9. Staff Costs

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

	2017 No.	2016 No.
Management staff	24	26
Number of executive directors	1	1
	<u>25</u>	<u>27</u>

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

	2017 £	2016 £
Wages and salaries	730,336	710,012
Social security costs	68,915	67,891
Other pension costs	107,436	121,503
	<u>906,687</u>	<u>899,406</u>

10. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017 £	2016 £
Remuneration	85,792	59,103
Company contributions to defined contribution pension plans	19,377	37,316
	<u>105,169</u>	<u>96,419</u>

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

	2017 No.	2016 No.
Defined contribution plans	<u>2</u>	<u>1</u>

11. Interest Payable and Similar Expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	<u>9,681</u>	<u>9,518</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

12. Tax on Profit/(Loss)

	2017 £	2016 £
Major components of tax income		
Deferred tax:		
Origination and reversal of timing differences	(7,458)	(16,297)
Tax on profit/(loss)	<u>(7,458)</u>	<u>(16,297)</u>

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017 £	2016 £
Profit/(loss) on ordinary activities before taxation	<u>4,667</u>	<u>(48,889)</u>
Profit/(loss) on ordinary activities by rate of tax	887	(9,778)
Effect of expenses not deductible for tax purposes	-	98
Other timing differences	1,993	1,600
Indexation allowance on previously recognised revalued gain	<u>(10,338)</u>	<u>(8,217)</u>
Tax on profit/(loss)	<u>(7,458)</u>	<u>(16,297)</u>

Factors that may affect future tax income

The company has estimated trading losses of £71,409 (2016: £95,960) and UK property losses of £49,220 (2016: £38,373) available for carry forward against future profits.

13. Tangible Assets

	Freehold property £	Investment Property £	Fixtures and fittings £	Total £
Cost				
At 1 January 2017	532,811	1,325,000	204,208	2,062,019
Additions	-	-	3,420	3,420
At 31 December 2017	<u>532,811</u>	<u>1,325,000</u>	<u>207,628</u>	<u>2,065,439</u>
Depreciation				
At 1 January 2017	125,316	-	168,120	293,436
Charge for the year	10,656	-	5,899	16,555
At 31 December 2017	<u>135,972</u>	<u>-</u>	<u>174,019</u>	<u>309,991</u>
Carrying amount				
At 31 December 2017	<u>396,839</u>	<u>1,325,000</u>	<u>33,609</u>	<u>1,755,448</u>
At 31 December 2016	<u>407,495</u>	<u>1,325,000</u>	<u>36,088</u>	<u>1,768,583</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

13. Tangible Assets *(continued)*

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.

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 2017			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(129,172)	—	(129,172)
Carrying value	<u>355,773</u>	<u>728,343</u>	<u>1,084,116</u>
At 31 December 2016			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(121,172)	—	(121,172)
Carrying value	<u>363,773</u>	<u>728,343</u>	<u>1,092,116</u>

14. Investments

	Shares in group undertakings £
Cost	
At 1 January 2017 and 31 December 2017	<u>1</u>
Impairment	
At 1 January 2017 and 31 December 2017	<u>—</u>
Carrying amount	
At 31 December 2017	<u>1</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

14. Investments *(continued)*

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	
	2017	2016	2017	2016
	£	£	£	£
Subsidiary undertakings				
Export Sales Training Limited	<u>4,184</u>	<u>4,184</u>	<u>—</u>	<u>—</u>

15. Debtors

	2017	2016
	£	£
Trade debtors	157,259	136,552
Prepayments and accrued income	257,284	221,140
Other debtors	3,142	4,350
	<u>417,685</u>	<u>362,042</u>

16. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	61,925	60,470
Trade creditors	132,619	179,847
Amounts owed to group undertakings	4,183	4,183
Social security and other taxes	46,815	50,145
Other creditors	21,564	59,134
	<u>267,106</u>	<u>353,779</u>

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

	2017	2016
	£	£
Bank loans and overdrafts	<u>315,089</u>	<u>377,013</u>

Included within creditors: amounts falling due after more than one year is an amount of £52,127 (2016: £120,230) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2017

17. Creditors: amounts falling due after more than one year *(continued)*

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 1.2% above bank base rate.

18. Provisions

	Deferred tax (note 19) £
At 1 January 2017	21,194
Additions	(7,458)
At 31 December 2017	<u>13,736</u>

19. Deferred Tax

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

	2017 £	2016 £
Included in provisions (note 18)	<u>13,736</u>	<u>21,194</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	11,884	13,500
Revaluation of investment property	26,236	36,574
Unused tax losses	(22,920)	(26,680)
Other	(1,464)	(2,200)
	<u>13,736</u>	<u>21,194</u>

20. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £107,436 (2016: £121,503).

Contributions of £7,703 (2016: £11,043) were payable to the funds at the year end and are included in creditors.

East Lancashire Chamber of Commerce and Industry

Notes to the Detailed Income Statement *(continued)*

Year Ended 31 December 2017

	2017 £	2016 £
21. Financial Instruments		
The carrying amount for each category of financial instrument is as follows:		
	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>829,069</u>	<u>2,386,957</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,369,888</u>	<u>2,861,410</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.

23. Operating Leases

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

	2017 £	2016 £
Not later than 1 year	16,485	23,081
Later than 1 year and not later than 5 years	23,923	40,568
Later than 5 years	—	200
	<u>40,408</u>	<u>63,849</u>

23. Related Party Transactions

M Barker is a director of Chamberlink and Growth Lancashire. During 2017 East Lancashire Chamber of Commerce and Industry worked with both companies in respect of grant funded work. East Lancashire Chamber of Commerce and Industry have a contract with Chamberlink for delivery of the DIT Core and DIT ERDF International Trade contract. They are the accountable body for delivery of the Regional Growth Fund across Lancashire and have a signed SLA with Growth Lancashire for them to co-deliver this contract.

All work is undertaken at 'arms length' and follow the rules as per the offer letters from the funder.