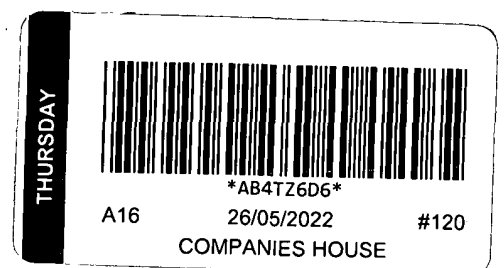


East Lancashire Chamber of Commerce and Industry
Company Limited by Guarantee
Financial Statements
For the Year Ended
31 December 2021

BEEVER AND STRUTHERS

Chartered accountants & statutory auditor

The Beehive
Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS



East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Financial Statements

Year Ended 31 December 2021

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East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Officers and Professional Advisers

The Board of Directors

S A Butt
A Weekes
G Fitton
C L Ogden
A S Jackson
M Barker
D Gorton
P A Rigby

Company Secretary

L Gaskell

Registered Office

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

Auditor

Beever and Struthers
Chartered accountants & statutory auditor
The Beehive
Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Directors' Report

Year Ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Business Review

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. The second year of the Coronavirus crisis saw our local businesses, as with those around the UK, working hard to make the most they could from a dizzying range of conditions imposed, varying almost day by day, and constraining opening and closing of premises, testing and working conditions. The impacts varied sector by sector, with hospitality, tourism and leisure continuing to suffer rolling constraints on opening and occupancy, risking their business survival throughout the year. Manufacturing, trying to maximise production while managing their workforce infection risk, found itself battling a different set of pressures. Order books were for many firms bulging at unprecedented levels, but raw materials in every sector were rocketing in price. Distribution pressures and transport and fuel prices were driving up costs, and inflation was increasing faster than the Government and Bank of England would recognise. Towards the back end of the year, as all business sectors were coming close to "normal" opening levels a new pressure started to be reported in earnest - skills shortages became so acute that normal operations were being held back.

Against this calamitous back drop the East Lancashire business community performed heroically, finding ways to keep their manufacturing workforces in work producing goods at near record levels, maintaining exports, and adding to the UK's economic recovery at higher than anticipated rates. Hospitality and events returned to the county with a flourish with venues delivering quality celebrations for those audiences reemerging, and businesses everywhere now saw hybrid working online and in person shaping the workplace for the coming year.

For the Chamber the coronavirus driven adaptations of 2020 bringing every area of business online, have seen throughout 2021 all areas of our Chamber continue to deliver a positive financial contribution, with hybrid working both in the offices but also with the members becoming the norm. Blended delivery online and face to face has allowed every Chamber service area to continue to operate in surplus with the flexibility to adapt to the continually shifting freedoms and restrictions throughout the year as the rolling lockdowns constrained the North's business communities.

Commercial Training/CIPS delivering for the first full year on our new high quality Virtual Live site, saw record trainee numbers from national and international client bases and the enhanced need for quality online presence supported Chamber Create's work, delivering high quality digital promotion services to our customers. Throughout 2021 the Chamber's exporters and importers have battled with both the disruption in their international trade but also the inherently unequal playing field that has been created by the Trade and Cooperation Agreement with the EU. In this environment we continued to lead the field of Chambers of Commerce nationally in our delivery of the new Chamber Customs service, providing an enhanced level of support to our local international traders and manufacturers - who despite the trading complexities and inequalities and rising supply chain pressures on every raw material commodity continued to see strong levels of international trading.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Directors' Report *(continued)*

Year Ended 31 December 2021

Cop26 went ahead a year later than planned in November, with a full delegation of East Lancashire firms onsite in Glasgow, promoting the Chamber Low Carbon business support and the RedCAT low carbon technology commercialisation services to an international audience. The international profile of our Sustainability Department continued to grow, with the Chamber Low Carbon project winning the International Chambers of Commerce Best Climate Action Project of 2021 at the 12th World Chambers Congress in November in Dubai.

The heightened attention on the net zero agenda, professional personal training, online services and presence, and levels of manufacturing and trading internationally has seen our Chamber's strengths very much playing into our hands re financial stability, with the Chamber reporting positive financial results at an unprecedented level. This in turn has enabled us to undertake an enhanced program of maintenance and enhancement of the Chamber offices, renovating and bringing forward plans for more sustainable measures to be installed as well as redesigning the space to best suit our growing workforce.

The Chamber has continued to drive forward in its role of lobbying and influencing at both national and county levels on behalf of the members, focusing efforts on our growing areas of expertise around: the Northern Powerhouse; Industrial strategy; Manufacturing and Innovation; Transport; and the Energy and Low Carbon Sector. With Chief Executive Miranda Barker in her role as a Lancashire LEP Director, in the company of many of our own Chamber Directors and Diamond Ambassadors, close relationships have continued to develop with BEIS at a regional and national level and very positive and proactive relationships are retained with our East Lancashire's MPs.

Our Board and our Diamond Ambassadors have been a vital strategic level consultation body for our partners and politicians throughout 2021, feeding back on the operational impacts of the second year of coronavirus for our business community. This brought home the severity of supply chain pressures and inflationary rises to our BEIS Government colleagues and the Bank of England, ahead of any other national business barometer. These inputs feed directly to 600+ civil servants, Ministers and Government Departments in Whitehall. This year, to make best use of our most involved and supportive business partners and following recommendations from the British Chamber of Commerce accreditation process, we have taken steps to reform our board structures. Moving from a two-tier board structure, with a small Executive Board and larger upper tier board or Chamber Council, we have chosen to create a practical operations focused single and not overly large board. Then rather than have an upper tier board of 20+ directors working part of the year on strategic planning and part on operational matters, the former directors of the Chamber Council, will now, without the restrictions of formal directorial roles, be the experienced core of our new Chamber Assembly. Focusing on distilling the strategic policy ask of the East Lancashire Business Community, strategic direction of the Chamber, and government policy critique the Assembly will be able to draw on a wider range of business input from our Diamond Ambassadors, as well as our local Council leaders and our Members of Parliament. As such on Companies' House 2021 has seen a significant number of Director resignations as this board rationalisation has taken place. The Assembly will begin its work in 2022.

We would like to record our sincere thanks to all our departing Directors for their past service, especially to our resigning President Andy McLaughlin for his unending professional and personal support to all the senior management and chief executive during this most stressful time. We would like to officially welcome our new Executive Board Chair and members of the Board, and we look forward to working with our colleagues old and new on the Board and the Assembly in the coming years.

The Fairstone tenancy of 7000 sq. feet of our investment space within the Chamber offices has continued smoothly, with the now remodelled offices occupied by a slowly growing number of Fairstone staff as the pandemic restrictions eased. With the successful granting of revenue funding for our RedCAT project through the Community Renewal Fund at the back end of the year, we will be able to formally occupy and renovate the remaining 2000 sq. feet of the investment space with the RedCAT (Lancashire's Centre for Alternative Technologies) within 2022.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Directors' Report *(continued)*

Year Ended 31 December 2021

The Chamber is pleased to have achieved excellent trading results throughout the whole of 2021, resulting in us making a much more significant surplus than planned, delivering positive results across every area of our varied service areas, allowing us the ability to invest in our building, and leading to sustained positive contribution projections for 2022.

I thank the members, President, Executive Board, Council, Diamond Ambassadors and all our Chamber staff and partners for their continued support.

Directors

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

S A Butt	
A Weekes	
G Fitton	
C L Ogden	
A S Jackson	
M Barker	
D Gorton	
P A Rigby	
A B Mitchell	(Resigned 22 December 2021)
S E Greenhalgh	(Resigned 22 December 2021)
D S J Holmes	(Resigned 22 December 2021)
M Hope	(Resigned 22 December 2021)
D Sharpe	(Resigned 22 December 2021)
C Whelan	(Resigned 22 December 2021)
L Nutter	(Resigned 3 March 2021)
A J McLaughlin	(Resigned 22 December 2021)

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 2021

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 May 2022 and signed on behalf of the board by:



CL Ogden
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 2021

Opinion

We have audited the financial statements of East Lancashire Chamber of Commerce and Industry (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 2021

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 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 2021

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.

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 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation, licensing regulations, and occupational health and employment legislation.

We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations.

We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.

The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: misappropriation of cash and other assets.

We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.

We enquired of the directors about actual and potential litigation and claims.

We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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 2021

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.

Use of Our Report

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.

BEEVER and STRUTHERS

Suzanne Lomax (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountants & statutory auditor
The Beehive
Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

23 May 2022

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Statement of Income and Retained Earnings

Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	5	4,053,956	2,537,892
Other operating income	6	<u>109,957</u>	<u>165,123</u>
		4,163,913	2,703,015
Staff costs	9	(1,353,620)	(1,352,590)
Depreciation and other amounts written off tangible and intangible fixed assets		(29,398)	(21,762)
Other operating expenses		<u>(2,645,138)</u>	<u>(1,292,849)</u>
Operating profit	7	135,757	35,814
Interest payable and similar expenses	11	<u>(10,678)</u>	<u>(6,860)</u>
Profit before taxation		125,079	28,954
Tax on profit	12	<u>(23,165)</u>	<u>(7,397)</u>
Profit for the financial year and total comprehensive income		<u>101,914</u>	<u>21,557</u>
Retained earnings at the start of the year		<u>575,498</u>	<u>553,941</u>
Retained earnings at the end of the year		<u><u>677,412</u></u>	<u><u>575,498</u></u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

East Lancashire Chamber of Commerce and Industry


Company Limited by Guarantee

Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	1,786,507	1,758,700
Investments	14	1	1
		<u>1,786,508</u>	<u>1,758,701</u>
Current assets			
Debtors	15	493,892	676,588
Cash at bank and in hand		707,147	350,898
		<u>1,201,039</u>	<u>1,027,486</u>
Creditors: amounts falling due within one year	16	(557,174)	(502,141)
Net current assets		<u>643,865</u>	<u>525,345</u>
Total assets less current liabilities		2,430,373	2,284,046
Creditors: amounts falling due after more than one year	17	(273,732)	(391,186)
Provisions	18	(45,385)	(32,145)
Accruals and deferred income		(815,557)	(666,930)
Net assets		<u>1,295,699</u>	<u>1,193,785</u>
Capital and reserves			
Revaluation reserve	22	69,131	69,131
Other reserves, including the fair value reserve	22	549,156	549,156
Profit and loss account	22	677,412	575,498
Members funds		<u>1,295,699</u>	<u>1,193,785</u>

These financial statements were approved by the board of directors and authorised for issue on 23 May 2022, and are signed on behalf of the board by:



C L Ogden
Director

Company registration number: 00024084

The notes on pages 14 to 25 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 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	101,914	21,557
<i>Adjustments for:</i>		
Depreciation of tangible assets	29,398	21,762
Interest payable and similar expenses	10,678	6,860
Tax on profit	23,165	7,397
Accrued expenses/(income)	148,627	(164,287)
<i>Changes in:</i>		
Trade and other debtors	182,696	184,346
Trade and other creditors	6,023	(2,838)
Cash generated from operations	502,501	74,797
Interest paid	(10,678)	(6,860)
Net cash from operating activities	<u>491,823</u>	<u>67,937</u>
Cash flows from investing activities		
Purchase of tangible assets	(57,205)	(38,376)
Net cash used in investing activities	<u>(57,205)</u>	<u>(38,376)</u>
Cash flows from financing activities		
Bank Loans repaid	(78,369)	(32,273)
CIBLS Loan advanced	—	250,000
Net cash (used in)/from financing activities	<u>(78,369)</u>	<u>217,727</u>
Net increase in cash and cash equivalents	356,249	247,288
Cash and cash equivalents at beginning of year	350,898	103,610
Cash and cash equivalents at end of year	<u>707,147</u>	<u>350,898</u>

The notes on pages 14 to 25 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 2021

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 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 investment properties measured at fair value through profit or loss and through the revaluation reserve.

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 2021

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 detailed in the individual account policies below.

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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax. Turnover in the period is calculated for each main type of activity as follows:

- Membership income is recognised evenly over the period of membership.
- Income from customers in respect of other services provided is recognised as those services are provided either on a time basis or as specific elements of the service are completed.

When the company receives a government grant for providing services to its members or in its area of operation, this grant is recognised as turnover. If such a grant is conditional on achieving specified future performance, it is recognised as turnover only when that specified performance has been achieved. If the grant has no such conditions, it is recognised in turnover when the grant proceeds are received or receivable. If a grant with conditions is received before the conditions are met, the amount received is recognised as a liability in deferred income.

Where the company receives a grant from the government for disbursement to third parties, the receipt is recorded in turnover and the disbursement is reported in other operating expenses.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

3. Accounting Policies *(continued)*

Turnover *(continued)*

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 it is probable the expenses recognised will be recovered.

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 Fixed Assets

Tangible fixed assets used in the business are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Investment property is initially recorded at cost and subsequently stated at market value. Changes in market value are reflected in the statement of income along with the related deferred tax charge. Where investment property becomes occupied by the company for its own use, the market value at the date of occupation is reclassified as the cost of that property within fixed assets used in the business.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

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

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 2021

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

Treatment of grants for provision of services to members or in its area of operation is covered in the turnover accounting policy above.

Grants relating to assets are recognised as other income on a systematic basis over the expected useful life of the asset. Any part of the grant not yet recognised as income at a year end is treated as deferred income and is not deducted from the carrying amount of the asset.

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. Specifically, grant income relating to the Coronavirus Job Support Scheme and the Coronavirus Business Interruption Loan Scheme arising in respect of the year is included in other operating income.

4. Company Limited by Guarantee

At 31 December 2021 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.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

5. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	2,723,703	2,343,467
Distribution of grants	1,330,253	194,425
	<u>4,053,956</u>	<u>2,537,892</u>

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

The distribution of grants figure includes £1,243,966 (2020: £Nil) of distribution of grants in relation to the Kickstart Grant and £86,287 (2020: £194,425) of ERDF Chamber Low Carbon Grant grants which were distributed to third party companies.

Other operating income includes £90,107 (2020: £69,915) (see note 6 below) generated from property rentals.

The profit generated from trading activities was £110,657 (2020: £44,977), with a profit arising on the property rentals of £14,422 (2020: Loss £16,023).

6. Other Operating Income

	2021	2020
	£	£
Rental income	90,107	69,915
Government grant income	19,850	95,208
	<u>109,957</u>	<u>165,123</u>

7. Operating Profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Impairment of trade debtors	20,186	10,088
Operating lease rentals	<u>8,835</u>	<u>12,442</u>

8. Auditor's Remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>5,630</u>	<u>5,361</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

9. Staff Costs

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

	2021 No.	2020 No.
Senior Management staff	8	8
Other staff	28	25
	<u>36</u>	<u>33</u>

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

	2021 £	2020 £
Wages and salaries	1,092,815	1,097,679
Social security costs	110,316	110,370
Other pension costs	150,489	144,541
	<u>1,353,620</u>	<u>1,352,590</u>

10. Directors' Remuneration

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

	2021 £	2020 £
Remuneration	96,781	95,750
Company contributions to defined contribution pension plans	15,027	14,826
	<u>111,808</u>	<u>110,576</u>

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

	2021 No.	2020 No.
Defined contribution plans	<u>1</u>	<u>1</u>

11. Interest Payable and Similar Expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	<u>10,678</u>	<u>6,860</u>

12. Tax on Profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	9,925	—

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

12. Tax on Profit *(continued)*

	2021 £	2020 £
Deferred tax:		
Origination and reversal of timing differences	13,240	7,397
Tax on profit	<u>23,165</u>	<u>7,397</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	125,079	28,954
Profit on ordinary activities by rate of tax	23,765	5,503
Origination and reversal of timing differences	(600)	1,894
Tax on profit	<u>23,165</u>	<u>7,397</u>

Factors that may affect future tax expense

The company has estimated losses of £Nil (2020: £32,835) available for carry forward against future profits, of which £Nil (2020: £21,634) are restricted UK property losses.

13. Tangible Assets

	Long leasehold property £	Investment Property £	Fixtures and fittings £	Total £
Cost				
At 1 January 2021	539,574	1,325,000	260,880	2,125,454
Additions	—	—	57,205	57,205
At 31 December 2021	<u>539,574</u>	<u>1,325,000</u>	<u>318,085</u>	<u>2,182,659</u>
Depreciation				
At 1 January 2021	168,983	—	197,771	366,754
Charge for the year	11,429	—	17,969	29,398
At 31 December 2021	<u>180,412</u>	<u>—</u>	<u>215,740</u>	<u>396,152</u>
Carrying amount				
At 31 December 2021	<u>359,162</u>	<u>1,325,000</u>	<u>102,345</u>	<u>1,786,507</u>
At 31 December 2020	<u>370,591</u>	<u>1,325,000</u>	<u>63,109</u>	<u>1,758,700</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

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 other than noted below, are stated at cost less depreciation.

Historical cost

Included within Long Leasehold property is £170,000 recognised at fair value arising from the transfer in a prior year of part of the property from investment property, representing space previously rented/available for rent which is now occupied by the company and is being depreciated.

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:

	Long Leasehold property £	Investment Property £	Total £
At 31 December 2021			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(158,196)	—	(158,196)
Carrying value	<u>326,749</u>	<u>728,343</u>	<u>1,055,092</u>
At 31 December 2020			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(150,940)	—	(150,940)
Carrying value	<u>334,005</u>	<u>728,343</u>	<u>1,062,348</u>

14. Investments

	Shares in group undertakings £
Cost	
At 1 January 2021 and 31 December 2021	<u>1</u>
Impairment	
At 1 January 2021 and 31 December 2021	<u>—</u>
Carrying amount	
At 31 December 2021	<u>1</u>
At 31 December 2020	<u>1</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

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	
	2021	2020	2021	2020
	£	£	£	£
Subsidiary undertakings				
Export Sales Training Limited	<u>4,184</u>	<u>4,184</u>	<u>—</u>	<u>—</u>

15. Debtors

	2021	2020
	£	£
Trade debtors	190,092	245,998
Prepayments and accrued income	303,626	430,590
Other debtors	174	—
	<u>493,892</u>	<u>676,588</u>

16. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	117,302	78,217
Trade creditors	204,979	193,009
Amounts owed to group undertakings	4,183	4,183
Corporation tax	9,925	—
Social security and other taxes	81,219	162,068
Other creditors	<u>139,566</u>	<u>64,664</u>
	<u>557,174</u>	<u>502,141</u>

The bank loans of £117,302 (2020: £78,217) are secured by a first legal mortgage over the company's long leasehold and investment property and an unlimited debenture incorporating a fixed and floating charge over the assets of the company.

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

	2021	2020
	£	£
Bank loans and overdrafts	<u>273,732</u>	<u>391,186</u>

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

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

The bank loans of £273,732 (2020: £391,186) are secured by a first legal mortgage over the company's long leasehold and investment property and an unlimited debenture incorporating a fixed and floating charge over the assets of the company.

Included within creditors: amounts falling due after more than one year is an amount of £Nil (2020: £37,500) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

18. Provisions

	Deferred tax (note 19) £
At 1 January 2021	32,145
Additions	13,240
At 31 December 2021	<u>45,385</u>

19. Deferred Tax

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

	2021 £	2020 £
Included in provisions (note 18)	<u>45,385</u>	<u>32,145</u>

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

	2021 £	2020 £
Accelerated capital allowances	22,221	16,650
Revaluation of tangible assets	26,236	26,236
Unused tax losses	–	(6,239)
Other	(3,072)	(4,502)
	<u>45,385</u>	<u>32,145</u>

20. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £150,489 (2020: £144,541).

In the prior year £11,229 were payable to the funds at year end and were included in creditors.

East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2021

21. Government Grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	19,850	93,843
Government grants released to profit or loss	–	1,365
	<u>19,850</u>	<u>95,208</u>

These exclude the government grants included in turnover per note 5.

22. Reserves

Revaluation reserve - This reserve records the revaluation of fixed assets used in the trading business of the company.

Fair value reserve - This reserve records fair value movements on assets in previous years recognised in the statement of income, principally the investment property.

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

23. Analysis of Changes in Net Debt

	At 1 Jan 2021	Cash flows	Other changes	At 31 Dec 2021
	£	£	£	£
Cash at bank and in hand	350,898	356,249	–	707,147
Debt due within one year	(43,116)	78,369	(117,454)	(82,201)
Debt due after one year	(391,186)	–	117,454	(273,732)
	<u>(83,404)</u>	<u>434,618</u>	<u>–</u>	<u>351,214</u>

24. Capital Commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2021	2020
	£	£
Tangible assets	<u>25,200</u>	<u>–</u>

25. Operating Leases

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

	2021	2020
	£	£
Not later than 1 year	267	2,293
Later than 1 year and not later than 5 years	–	200
	<u>267</u>	<u>2,493</u>