

COMPANY REGISTRATION NUMBER: 00024084

**East Lancashire Chamber of Commerce and Industry**  
**Company Limited by Guarantee**  
**Financial Statements**  
**For the Year Ended**  
**31 December 2020**

**BEEVER AND STRUTHERS**

Chartered accountants & statutory auditor

The Beehive  
Lions Drive  
Shadsworth Business Park  
Blackburn  
BB1 2QS

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# **East Lancashire Chamber of Commerce and Industry**

**Company Limited by Guarantee**

**Financial Statements**

**Year Ended 31 December 2020**

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# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Officers and Professional Advisers**

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#### **The Board of Directors**

A B Mitchell  
S A Butt  
S E Greenhalgh  
D S J Holmes  
M Hope  
A Weekes  
G Fitton  
D Sharpe  
C Whelan  
C L Ogden  
L Nutter  
A J McLaughlin  
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 2020

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The directors present their report and the financial statements of the company for the year ended 31 December 2020.

#### 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. Throughout 2020, despite the formerly unimaginable disruption of the coronavirus pandemic and the continued distraction and destabilising influence of Brexit, East Lancashire Chamber has maintained a stable financial footing. Our member firms and the local business community have seen a varied coronavirus impact, dependant largely on sector. The ~~hospitality-tourism-and-leisure-sectors-have-faced-decimation-through-repeatedly altering trading restrictions~~ denying them the opportunity to create a reliable and sustained business model. Many entrepreneurs, sustaining themselves by dividends from their businesses, have been unable to access any government financial support throughout the whole of the covid crisis while their businesses have suffered from unprecedented turmoil. By and large however, our County's manufacturers, with the exception of the civil aerospace sector, have continued to see very positive trading within the UK and in their world-wide manufacturing and export markets. Local businesses do report however, that cashflow pressures have been put under additional strain by their Brexit trading smoothing plans, raw material prices and transportation costs being heavily impacted by covid related disruption in terms of location of shipping containers and volatile supply chains.

The year has been unlike any on record, with unprecedented restrictions, mental pressures and a financial landscape for us and our firms unlike any before it, and we are immensely proud of what the Chamber staff have managed to achieve across all departments. Moving everything we do online; creating Chamber Live very much at the forefront of the UK's Chambers; and establishing the Chamber's Coronavirus Helpline for the whole of the business community, cementing our position in the minds of our members', the area's businesses and our local authorities as the coronavirus business support mechanism on the ground.

Adapting to the new landscape across our service delivery offer, for Commercial Training/CIPS bringing forward the launch of our high quality Virtual Live site; International Trade moving all their Brexit supportive training online; the national focus on online supporting Chamber Create's work; and heightened attention on the net zero agenda and Chamber Low Carbon, has seen our business's strengths very much playing into our hands with regards to financial stability. In addition, our positive interrelationships around business support funded through the public sector have allowed us to make a real difference to Lancashire businesses while supporting our own financial stability. The commitment from our government funded program managers for Chamber Low Carbon, International Trade delivery, NEA and Leading Lancashire to be maintained and paid as per planned schedule (and surprisingly promptly) has been hugely important over the year. Combined with the strong partnerships with our local Growth Hub for Lancashire and our East Lancashire local authorities' economic development teams, we have been at the heart of the area's communication of business support, standing us in good stead for additional unexpected funded provision opportunities throughout the new year.

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Directors' Report *(continued)*

#### Year Ended 31 December 2020

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The adaptations to our membership serving model in 2019 and our profile in support of businesses, with coronavirus and Brexit support helpline, saw our membership retention level maintained in excess of 90 percent month on month and our trading figures continue ahead of the planned surplus. Financial prudence, fully capitalising on the government's support mechanisms and the securing of a long-term tenant within days of lockdown has created, looking back, comparative financial security for the Chamber throughout the crisis.

The Chamber has continued to drive forward in its role of lobbying and influencing at both a national and county level on behalf of the members, focusing effort on our growing areas of expertise around: the Northern Powerhouse; Industrial strategy; Manufacturing and Innovation; Transport; and the Energy and Low Carbon Sector. It is gratifying to now see a total of 5 Chamber Council members sitting as LEP Directors, including the CEO (as SME Champion/Energy and Low Carbon Sector lead), with a further 5 LEP Directors representing East Lancashire. Close relationships have continued to develop with BEIS at a regional and national level and very positive and proactive relationships are retained with the majority of East Lancashire's MPs.

Our work ensuring local businesses are able to shape regional and national policy and supply into national infrastructure developments, continued in the year with a seminal rail supply chain event 'Back On Track' in November aimed at our manufacturers and the stimulation of supply into new large scale rail projects. The event had national speakers from HS2, Network Rail and Transport for the North and was opened by our own local MP for Pendle, Andrew Stephenson, Minister of State for the Department of Transport.

In December the EU Exit business support program saw the Chamber again at the heart of East Lancashire's preparedness work, working in partnership with the Growth Hub, to support the wider business community through the practical difficulties in adapting to life after Brexit. 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 burgeoning international traders.

Chamber Council, now standing at 15 directors, and our Diamond Ambassadors, have developed as a useful strategic level consultation body for our partners and politicians throughout 2020, feeding back the operational impacts of coronavirus for our business community and shaping the Government's business support offering on a week by week basis. These inputs feed directly to 600+ civil servants, Ministers and Government departments in Whitehall.

The rental/investment property having been vacant for 50 percent of 2019 had by March 2020 seen a tenant secured for the majority of the space, with Fairstone now in situ occupying 7,000 square feet of office space.

The Chamber is pleased to have achieved positive trading results throughout the whole of 2020, resulting in us making a surplus as planned, and delivering positive results across our varied service areas, leading to sustained positive contribution projections for 2021.

The members, President, Executive Board, Council, Diamond Ambassadors and all our Chamber staff and partners are thanked for their continued support.

#### **Directors**

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

A B Mitchell  
S A Butt  
S E Greenhalgh  
D S J Holmes  
M Hope

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Directors' Report *(continued)*

Year Ended 31 December 2020

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A Weekes  
G Fitton  
D Sharpe  
C Whelan  
C L Ogden  
L Nutter  
A J McLaughlin  
A S Jackson  
M Barker  
D Gorton

(Resigned 3 March 2021)

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P A Rigby  
A Gibbon

(Resigned 22 June 2020)

#### 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.

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.
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# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*


**Year Ended 31 December 2020**

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#### **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 April 2021 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 2020**

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#### **Opinion**

We have audited the financial statements of East Lancashire Chamber of Commerce and Industry (the 'company') for the year ended 31 December 2020 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).

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In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 2020**

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#### **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 2020**

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### **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.

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# **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 2020**

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#### **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 2020**

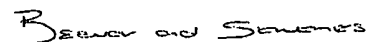
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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description 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.

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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

27 April 2021

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Statement of Income and Retained Earnings

Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	5	2,537,892	2,858,174
Other operating income	6	165,123	41,841
		<u>2,703,015</u>	<u>2,900,015</u>
Staff costs	9	(1,352,590)	(1,245,937)
Depreciation and other amounts written off tangible and intangible fixed assets		(21,762)	(18,893)
Other operating expenses		<u>(1,292,849)</u>	<u>(1,608,690)</u>
Operating profit	7	35,814	26,495
Interest payable and similar expenses	11	<u>(6,860)</u>	<u>(6,740)</u>
Profit before taxation		28,954	19,755
Tax on profit	12	<u>(7,397)</u>	<u>(5,622)</u>
Profit for the financial year and total comprehensive income		<u>21,557</u>	<u>14,133</u>
Retained earnings at the start of the year		553,941	539,808
Retained earnings at the end of the year		<u>575,498</u>	<u>553,941</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

# East Lancashire Chamber of Commerce and Industry

Company Limited by Guarantee

## Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	1,758,700	1,742,086
Investments	14	<u>1</u>	<u>1</u>
		1,758,701	1,742,087
<b>Current assets</b>			
Debtors	15	676,588	860,934
Cash-at-bank-and-in-hand		<u>350,898</u>	<u>103,610</u>
		1,027,486	964,544
<b>Creditors: amounts falling due within one year</b>	16	<u>(502,141)</u>	<u>(491,703)</u>
<b>Net current assets</b>		525,345	472,841
<b>Total assets less current liabilities</b>		2,284,046	2,214,928
<b>Creditors: amounts falling due after more than one year</b>	17	(391,186)	(186,735)
<b>Provisions</b>	18	(32,145)	(24,748)
<b>Accruals and deferred income</b>		<u>(666,930)</u>	<u>(831,217)</u>
<b>Net assets</b>		<u>1,193,785</u>	<u>1,172,228</u>
<b>Capital and reserves</b>			
Revaluation reserve	22	69,131	69,131
Other reserves, including the fair value reserve	22	549,156	549,156
Profit and loss account	22	<u>575,498</u>	<u>553,941</u>
<b>Members funds</b>		<u>1,193,785</u>	<u>1,172,228</u>

These financial statements were approved by the board of directors and authorised for issue on 23 April 2021 and are signed on behalf of the board by:



A J McLaughlin  
Director

Company registration number: 00024084

The notes on pages 14 to 26 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 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	21,557	14,133
<i>Adjustments for:</i>		
Depreciation of tangible assets	21,762	18,893
Interest payable and similar expenses	6,860	6,740
Tax on profit	7,397	5,622
Accrued (income)/expenses	(164,287)	182,477
<i>Changes in:</i>		
Trade and other debtors	184,346	(152,510)
Trade and other creditors	(2,838)	21,214
Cash generated from operations	74,797	96,569
Interest paid	(6,860)	(6,740)
Net cash from operating activities	<u>67,937</u>	<u>89,829</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(38,376)	(12,617)
Net cash used in investing activities	<u>(38,376)</u>	<u>(12,617)</u>
<b>Cash flows from financing activities</b>		
Loans repaid	(32,273)	(63,414)
Loans advanced	250,000	—
Net cash from/(used in) financing activities	<u>217,727</u>	<u>(63,414)</u>
<b>Net increase in cash and cash equivalents</b>	247,288	13,798
<b>Cash and cash equivalents at beginning of year</b>	103,610	89,812
<b>Cash and cash equivalents at end of year</b>	<u>350,898</u>	<u>103,610</u>

The notes on pages 14 to 26 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 2020**

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#### **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**

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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 2020

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#### 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 2020

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#### 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 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 2020

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#### 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 2020

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#### 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 2020 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 2020

#### 5. Turnover

Turnover arises from:

	2020	2019
	£	£
Rendering of services	<u>2,537,892</u>	<u>2,858,174</u>

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

The turnover figure of £2,537,892 (2019: £2,858,174) includes £194,425 (2019: £67,519) of ERDF Chamber Low Carbon Grant grants which were distributed to third party companies.

Other operating income includes £69,915 (2019: £41,841) (see note 6 below) generated from property rentals.

The profit generated from trading activities was £44,977 (2019: £69,605), with a loss arising on the property rentals of £16,023 (2019: £49,850).

#### 6. Other Operating Income

	2020	2019
	£	£
Rental income	69,915	41,841
Government grant income	<u>95,208</u>	<u>—</u>
	<u>165,123</u>	<u>41,841</u>

#### 7. Operating Profit

Operating profit or loss is stated after charging:

	2020	2019
	£	£
Impairment of trade debtors	10,088	—
Operating lease rentals	<u>12,442</u>	<u>16,336</u>

#### 8. Auditor's Remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>5,361</u>	<u>5,009</u>

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2020

#### 9. Staff Costs

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

	2020 No.	2019 No.
Management staff	32	32
Number of executive directors	1	1
	<u>33</u>	<u>33</u>

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

	2020 £	2019 £
Wages and salaries	1,097,679	1,016,691
Social security costs	110,370	98,293
Other pension costs	144,541	130,953
	<u>1,352,590</u>	<u>1,245,937</u>

#### 10. Directors' Remuneration

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

	2020 £	2019 £
Remuneration	95,750	94,919
Company contributions to defined contribution pension plans	14,826	13,314
	<u>110,576</u>	<u>108,233</u>

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

	2020 No.	2019 No.
Defined contribution plans	<u>1</u>	<u>1</u>

#### 11. Interest Payable and Similar Expenses

	2020 £	2019 £
Interest on banks loans and overdrafts	<u>6,860</u>	<u>6,740</u>

#### 12. Tax on Profit

Major components of tax expense

	2020 £	2019 £
Corporation Tax	-	-

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2020

#### 12. Tax on Profit *(continued)*

	2020 £	2019 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	7,397	5,622
<b>Tax on profit</b>	<u>7,397</u>	<u>5,622</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	28,954	19,755
Profit on ordinary activities by rate of tax	5,503	3,573
Expenses not allowable for taxation	1,894	2,049
<b>Tax on profit</b>	<u>7,397</u>	<u>5,622</u>

#### Factors that may affect future tax expense

The company has estimated losses of £32,835 (2019: £55,924) available for carry forward against future profits, of which £21,634 (2019: £21,634) are restricted UK property losses.

#### 13. Tangible Assets

	Freehold property £	Investment Property £	Fixtures and fittings £	<b>Total £</b>
<b>Cost</b>				
At 1 January 2020	539,574	1,325,000	222,504	2,087,078
Additions	–	–	38,376	38,376
<b>At 31 December 2020</b>	<u>539,574</u>	<u>1,325,000</u>	<u>260,880</u>	<u>2,125,454</u>
<b>Depreciation</b>				
At 1 January 2020	157,554	–	187,438	344,992
Charge for the year	11,429	–	10,333	21,762
<b>At 31 December 2020</b>	<u>168,983</u>	<u>–</u>	<u>197,771</u>	<u>366,754</u>
<b>Carrying amount</b>				
<b>At 31 December 2020</b>	<u>370,591</u>	<u>1,325,000</u>	<u>63,109</u>	<u>1,758,700</u>
At 31 December 2019	<u>382,020</u>	<u>1,325,000</u>	<u>35,066</u>	<u>1,742,086</u>

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2020

#### 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 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 £
<b>At 31 December 2020</b>			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(150,940)	–	(150,940)
<b>Carrying value</b>	<u>334,005</u>	<u>728,343</u>	<u>1,062,348</u>
<b>At 31 December 2019</b>			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(143,684)	–	(143,684)
<b>Carrying value</b>	<u>341,261</u>	<u>728,343</u>	<u>1,069,604</u>

#### 14. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2020 and 31 December 2020	<u>1</u>
<b>Impairment</b>	
At 1 January 2020 and 31 December 2020	<u>–</u>



# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2020

#### 14. Investments *(continued)*

	Shares in group undertakings £
<b>Carrying amount</b>	
At 31 December 2020	<u>1</u>
At 31 December 2019	<u>1</u>

#### Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
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	
	2020	2019	2020	2019
	£	£	£	£
<b>Subsidiary undertakings</b>				
Export Sales Training Limited	<u>4,184</u>	<u>4,184</u>	<u>—</u>	<u>—</u>

#### 15. Debtors

	2020	2019
	£	£
Trade debtors	245,998	326,499
Prepayments and accrued income	430,590	534,193
Other debtors	<u>—</u>	<u>242</u>
	<u>676,588</u>	<u>860,934</u>

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

	2020	2019
	£	£
Bank loans and overdrafts	78,217	64,941
Trade creditors	193,009	247,493
Amounts owed to group undertakings	4,183	4,183
Social security and other taxes	162,068	92,045
Other creditors	<u>64,664</u>	<u>83,041</u>
	<u>502,141</u>	<u>491,703</u>

The bank loans of £78,217 (2019: £64,941) 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.

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2020

**16. Creditors: amounts falling due within one year *(continued)***

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

	2020	2019
	£	£
Bank loans and overdrafts	<u>391,186</u>	<u>186,735</u>

The bank loans of £391,186 (2019: £186,735) 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.

Included within creditors: amounts falling due after more than one year is an amount of £37,500 (2019: £Nil) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The CBILS loan, part of which is due for repayment after five years, is subject to interest at 2.55% over base rate and is repayable by equal monthly instalments commencing twelve months after the loan was drawdown.

**18. Provisions**

	Deferred tax (note 19)
	£
At 1 January 2020	24,748
Additions	<u>7,397</u>
At 31 December 2020	<u>32,145</u>

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2020

#### 19. Deferred Tax

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

	2020	2019
	£	£
Included in provisions (note 18)	32,145	24,748

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

	2020	2019
	£	£
Accelerated capital allowances	16,650	11,550
Revaluation of tangible assets including investment property	26,236	26,236
Unused tax losses	(6,239)	(10,626)
Other	(4,502)	(2,412)
	32,145	24,748

#### 20. Employee Benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £144,541 (2019: £130,953).

Contributions of £11,229 (2019: £12,526) were payable to the funds at year end and are included in creditors.

#### 21. Government Grants

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

	2020	2019
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	93,843	—
Government grants released to profit or loss	1,365	—
	95,208	—

#### 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 recognised in the statement of income, principally the investment property.

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

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2020

#### 23. Analysis of Changes in Net Debt

	At 1 Jan 2020	Cash flows	At 31 Dec 2020
	£	£	£
Cash at bank and in hand	103,610	247,288	350,898
Debt due within one year	(69,124)	(13,276)	(82,400)
Debt due after one year	(186,735)	(204,451)	(391,186)
	<u>(152,249)</u>	<u>29,561</u>	<u>(122,688)</u>

#### 24. Operating Leases

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

	2020	2019
	£	£
Not later than 1 year	2,293	6,772
Later than 1 year and not later than 5 years	<u>200</u>	<u>2,493</u>
	<u>2,493</u>	<u>9,265</u>