Birmingham Chamber of Commerce and Industry

Report and Accounts

31st March 2012

Registered Number 78731

A41 *A1JS5BAJ*
18/10/2012
COMPANIES HOUSE #174

THURSDAY

14/09/2012 15 00

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31st March 2012 The accounts have been prepared in accordance with the Companies Act 2006 and related regulation

Results for the year

The group surplus for the year, after taxation, amounted to £58,000 (2011 deficit £146,000) and has been carried to reserves The surplus was after additional depreciation of £28,000 (2011 £28,000) resulting from the revaluation of long leasehold property (see note 1)

Principal activities

The Birmingham Chamber of Commerce and Industry (BCCI) is a company limited by guarantee and the liability of each member is limited to £1 05 Any surpluses generated cannot be distributed but are re-invested for the benefit of members Included in the BCCI group (BCG) during the year were Birmingham Chamber Training Limited and Birmingham Chamber Business Services Limited (BCBS), both wholly owned subsidiary undertakings

The BCG also includes the British American Business Council, Burton & District Chamber of Commerce, Chase Chamber of Commerce, the Institute of Asian Business, Lichfield & Tamworth Chamber of Commerce and Solihull Chamber of Commerce

BCCI is primarily a business membership organisation with the main functions of

- representing members' views through lobbying activity,
- providing support and growth opportunity for member businesses, in particular networking opportunities, and
- adding value to member and local business organisations through the provision of business services

The Chamber's mission is "To be the natural membership choice of businesses in Greater Birmingham" In order to deliver on this Mission, the Chamber has defined what the Chamber brand stands for The over-arching brand idea recognises that at the heart of our offer, is our ability to "make connections" This is encapsulated in the Brand Promise of "Helping businesses and their people to be successful by connecting them to opportunity"

Whilst developing and growing membership is central to BCCI's business plan, the services which are provided to members are only partly paid for by subscription income from membership and patrons, which represented about 15% of total income for the year To enable the enhancement of member services, the Chamber operates other elements of its business on a commercial basis Business services provided by the Chamber to its members and customers include international trade services, business start-up assistance & advice, conference & meeting facilities, export documentation services and other business services The Chamber also operated a number of public funded projects, particularly in the area of business start-up and employment through such initiatives as Flexible New Deal and the Work Programme Public funding also supported consultancy, training and export services to businesses

Review of the Business

The Group's income for the year of £8 4 million was £2 0 million lower than in the previous year, mainly as a result of reduced funding for business support and training which was £1 4 million lower Subscriptions from members and patrons showed a £50,000 increase during the year An analysis of income is set out in note 2

The Group's operating surplus before exceptional operating items was £169,000 compared to £18,000 in the previous year The operating surplus after exceptional operating items was £43,000 compared to the previous year's deficit of £115,000 Note 6 to the accounts explains the £126,000 exceptional reorganisation costs which had a severe impact on the 2011/12 year's result, as they did in the previous year when reorganisation costs were £133,000 The Chamber is now benefiting from significant annual cost savings as a result of the £259,000 spent on reorganisation over the last two years

The Chamber's Group net assets reported in the balance sheet are £867,000 This is a decrease of £634,000 for the year resulting from

	£000
Pension fund deficit movement net of tax	(796)
Leasehold property revaluation surplus	104
Surplus for the year after tax	58

DIRECTORS' REPORT

Review of the Business (continued)

The increase in the pension fund deficit is as measured under FRS17 The gross increase before tax was £815,000 and resulted mainly from a net actuarial loss of £995,000 less pension contributions of £120,000, as set out in note 23 to the accounts This significant movement has resulted in negative revenue reserves of £45,000, offset by revaluation reserves of £921,000 A new valuation of the Chamber's long leasehold property was made by Jones Lang LaSalle at £2 93million as at 31 March 2012

It should be noted that the disclosures required under FRS 17, which relate to the Chamber's defined benefit pension scheme, do not reflect the long-term nature of the scheme and its liabilities Also, the market value of the equity element of the scheme's fund is required to be included at market value at the balance sheet date and in the short term such values may fluctuate to a material extent

Membership is a key performance indicator for the Chamber At 1st April 2011 the total BCG membership was 2,909 At 31st March 2012 the total had fallen by 147 to 2,762 This 5 0% decrease (2010/11 5 6% decrease) compared to a national chambers' membership decrease of 3 5% However, in some areas of the BCG's membership the numbers increased Income from members and patrons was £1 25 million compared to £1 2 million in 2010/11

Principal risks and uncertainties

The main treasury risks faced by the Chamber relate to liquidity and BCCI manages its treasury function to maximise its liquidity position The Chamber's net funds at the beginning of the year of £391,000 decreased by £637,000 as set out in the Group Cash Flow Statement The decrease was mainly due to a £1 2 million decrease in creditors (including income in advance), against a £623,000 decrease in debtors Net interest paid was £14,000 (2010/11 £10,000)

In common with many organisations in the UK, BCCI is managing an actuarial funding deficit in its Defined Benefit Pension Scheme The deficit is accounted for in the Chamber's balance sheet under FRS17 (as explained above) and the methodology prescribed by the standard showed a deficit at the year-end of £984,000 net of deferred tax (2011 £332,000) How this liability is reflected in the Chamber's balance sheet depends largely on factors that are outside BCCI's control, being principally long-term investment returns, bond yields and mortality rates However, following an actuarial valuation of the fund as at 30th June 2011, agreement was reached with the fund's trustee on future funding within a recovery plan which the Chamber believes to be affordable Contributions of £120,000 per annum are currently being paid into the fund

BCCI has obtained planning consent for the redevelopment of the Chamber of Commerce House site to construct new office space Leasehold property was included in the accounts at valuation which took that planning consent into account for the first time as at 31st March 2007 The change in economic conditions in 2008 made funding unavailable and the scheme was therefore halted The property was professionally valued at £2,930,000 on a vacant possession basis as at 31st March 2012

Future Developments

BCCI's 2012-15 business plan has reaffirmed the Group Chambers' commitment to increasing their membership by improving the offer to members In order to do this the Group has to be successful financially and so we will continue to pursue commercial opportunities Dealing with the issues of cashflow and costs will remain as a challenge The critical issue of cashflow and working capital availability will continue to dominate the first 12 months of the 3-year plan but this will be eased as surpluses are generated from the Chamber's lower cost base BBCI will continue to reduce the funding deficit in the final salary pension scheme and solutions will be sought to release value from the Chamber's property, which remains to be the company's biggest asset Whilst protecting its key financial contributors through careful financial management, BCCI will seek to develop opportunities from working in partnerships such as the Business Hub and the Local Enterprise Partnership The financial strength that will come from the success of the business plan will be applied with an updated governance framework for the benefit of members of the Chamber to ensure that they are engaged and receive the services and value they need to allow us to fulfil our brand promise

DIRECTORS' REPORT

Directors and their interests

The directors, including the Honorary Officers, as at 31st March 2012 and those who served during the year were as follows

D J Waller (Chairman)
M J Ward (President)
S M Warr (Vice-president) – resigned 27/3/12
S T Brittan (Vice-president) – appointed 14/10/11
C Braddock (Immediate Past President)
P S Bassi (Immediate Past President) – resigned 14/10/11
J B Blackett (Chief Executive, BCCI)
M A Hibbert (Finance Director, BCCI)
J A Haywood (Chairman, Burton & District Chamber)
A C King (President, Chase Chamber)
S Kaur (Chairman, Institute of Asian Businesses) – resigned 9/6/11
A J N Awan (Chairman, Institute of Asian Businesses) – appointed 9/6/11
N Lancaster (President, Lichfield & Tamworth Chamber)
A Volkaerts (President, Solihull Chamber)
S M Topman (Chairman, Birmingham Chamber Training Limited)
M C Froom (Co-opted Member)
A D Bland (Elected Member)
C R Canty (Elected Member) – resigned 16/3/12
G J Lowson (Elected Member)
T S D Pile (Elected Member)
I D Sparkes (Elected Member)

There are no directors' interests requiring disclosure under the Companies Act 2006 During the year director's and officer's indemnity insurance cover of £5 million was provided by the Chamber as part of its professional indemnity insurance arrangements

Going concern

The Group's short-term funding requirement can be met within its current uncommitted bank overdraft facility of £494,000 (total bank overdraft facility is £750,000) The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group will be able to operate within the facility for a period of at least 12 months from the date these accounts were approved This facility is uncommitted in nature but the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to the Group's attention to suggest that the overdraft facility may not be available on acceptable terms

The Directors also note that the Group continues to hold a significant funding deficit on its defined benefit pension scheme In 2012 the Group successfully agreed a funding plan to 2026 with the Scheme Trustee of £120k per annum increasing by 5% per annum The Directors are confident that these contributions can be adequately financed

After making enquiries, the directors have reasonable expectation that the Company and the Group will have adequate resources to continue its operations for the foreseeable future Accordingly, they continue to adopt the going concern basis for preparing the annual report and accounts

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Political and charitable contributions

No contributions were made to any political or charitable organisations during the year

DIRECTORS' REPORT

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

By order of the Board

M A Hibbert

Company Secretary
14th September 2012

CORPORATE SOCIAL RESPONSIBILITY

Understanding how we impact our stakeholders and the communities in which we operate and then applying this knowledge in a responsible way to create a strong and successful business is essential to the Group's future It enables us to add value to all of our stakeholders, ranging from members to employees, suppliers, local community partners and society in general It does this by giving us a different and broader view of business issues, prompting us to consider ethical and sustainability issues and to understand our network more effectively to the benefit of all our stakeholders Corporate Social Responsibility (CSR) is about creating the right culture for our business In common with many organisations operating CSR best-practice, the Chamber uses a simple model to divide our approach to CSR into seven main segments

How we look after and work with the communities in which we operate

The Chamber's core activities naturally involve it with local communities, both on a social and business basis At a high level, the Chamber is represented on City and Regional boards At an operational level, the Chamber delivers public funded projects each year with the aim of creating and safeguarding jobs and businesses in the most vulnerable industries and communities around the region

Many of our staff undertake voluntary work and are members of community organisations and we have assessed the extent of this work to enable the Chamber to encourage and facilitate such activities

Each year the Chamber's President selects a charity to benefit from the Chamber's various fund raising activities Employees are encouraged to organise teams to support these charitable events

How we protect, consider and improve our impact on the environment

The Chamber recognises that its day-to-day operations and activities have an effect on the environment Where possible, we have introduced measures such as recycling paper and purchasing consumables from environmentally-responsible sources to improve and protect the environment In 2011 we implemented a combined waste collection and recycling scheme which is increasing the amount of material recycled and reducing the waste sent to landfill

BCCI aims to identify, monitor and reduce any negative impact the Company may have on the environment through a process of continuous improvement and assessment of our day-to-day business operations We continually seek new ways of purchasing and disposing of equipment in the most environmentally-friendly manner possible

How we care for our staff, providing good working conditions and opportunities for development

The Chamber is dedicated to ensuring that it is a great place to work through a commitment to managing the development and wellbeing of its staff

- We retained our Investor in People accreditation in 2011-12 at the bronze standard, which signifies our good practices in relation to staff communication, training and development
- We collect the views of our staff through regular staff attitude surveys, which allow us to respond to staff's opinions in several critical areas The latest survey showed a high level of commitment from staff to the Chamber and pride in working for the Chamber
- A Staff Focus Group provides a formal process which allows staff to bring workplace issues to management's attention
- BCCI recognises the importance of work/life balance and operates a flexible working-hours system for its staff
- Allowance is made under a formal policy for staff to work reduced hours where necessary to support caring needs for children or elderly relatives

CORPORATE SOCIAL RESPONSIBILITY

How we look after our customers, suppliers and all those who come into contact with us as a business

Through our tendering and contracting processes, the Chamber endeavours to provide opportunities to members, small businesses and social enterprises We will work with suppliers and contractors to encourage them to develop their own sustainable practices

The public funded activity which the Chamber undertakes is aimed at creating opportunities for work and helping deprived communities

The Chamber holds the ISO 9001 Quality Standard which helps to ensure consistent quality of service to all those who come into contact with us as a business Under the standard we formally record our operational processes, which are audited to ensure continuing improvement

BCCI is also a British Chambers of Commerce Accredited Chamber This sets the standards for all Chambers' core business competencies including governance and financial management and core services such as membership and policy & representation In some of these fields BCCI has been judged to be "excellent"

How we operate an ethical approach to our work

BCCI maintains the expectation that all staff act according to the highest professional standards of conduct These standards are included in many of our formal policies and procedures including those recorded and audited under our ISO 9001, IIP and British Chambers of Commerce accreditations Staff behaviours are evaluated and appropriately rewarded as part of Performance Improvement Reviews

How we influence the behaviour of our members

Perhaps the largest impact the Chamber can have on CSR is not through its own business but by influencing the behaviour of its members BCCI has focussed on opportunities to highlight the CSR activities that small businesses are already engaged in The Chamber network is at the forefront of promoting the advantages of CSR to small businesses through our involvement with likeminded partner organisations BCCI is therefore well placed to facilitate the understanding and knowledge of SMEs around CSR BCCI continues to raise awareness of the level of CSR activities already undertaken by a large number of small businesses

BCCI believes that legislative CSR requirements would place additional administrative burdens on businesses that would reduce both the time and resources that could be used to expand and develop CSR activities BCCI monitors Government developments both nationally and in the EU to ensure that SMEs are able to develop their CSR activities free of additional regulatory burdens BCCI also monitors legislation to ensure that the right business environment is created for SMEs to continue and develop CSR good practice

How we contribute to CSR at a National level

BCCI contributes to CSR at a National level through its membership of the British Chambers of Commerce which has ensured that CSR has clarity and is not overly burdensome for SMEs at a time that most of our members are least resourced to engage with these agendas despite their level of interest

CORPORATE GOVERNANCE

The Board is responsible for establishing and maintaining the group's system of internal financial control Internal control systems are designed to meet the particular needs of the group concerned and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss The directors have established the following with a view to providing effective internal financial control

- **The Board**

  The Board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the Board. The Chamber's CEO, Finance Director, Commercial Director and Personnel & Facilities Director constitute the Executive Committee, which meets fortnightly to discuss day-to-day operational matters

  The Board is responsible for identifying the major business risks faced by the group and for agreeing with the Executive Committee the appropriate courses of action to manage those risks Risk assessment forms part of the annual business plan which is approved by the Board with the annual budget Performance is monitored and relevant action taken throughout the year through the reporting to the Board of variances from the budget and forecasts, together with progress on the management of identified business risks

  In addition, the Board supports formal committees as follows

- **Audit Committee**

  The Audit Committee is chaired by a non-executive director with sufficiently recent and relevant financial experience and includes the Honorary Officers with the Finance Director in attendance The Committee has written terms of reference which include the following responsibilities
  - monitoring the integrity of the company's financial statements and reviewing significant financial reporting judgements contained in them,
  - reviewing the company's annual audited statutory accounts and making a recommendation to the Board as a basis for its approval of the accounts,
  - reviewing the company's internal financial control system and its risk management systems, including reviewing
    - The Finance Director's report on internal control,
    - Business Risk assessments and Risk Management progress,
    - ISO 9001 (2000) process compliance reports,
    - External audit reports
  - monitoring the effectiveness of the internal audit function,
  - reporting to the Board on developments during the year and the result of its review of internal control,
  - monitoring the independence, objectivity and effectiveness of the external auditor and approving their terms of engagement and remuneration,
  - making recommendations to the board on the appointment of the external auditor and establishing policy on the engagement of the external auditor to provide non-audit services,
  - ensuring that suitable arrangements are in place for investigating Protected Disclosures raised by company staff about possible financial reporting improprieties,
  - receiving Protected Disclosures from Chamber staff and considering appropriate follow-up action,
  - providing members of the Chamber's Remuneration Committee as requested by the Board

- **Remuneration Committee**

  The Remuneration Committee is comprised of the Chairman, the President and nominated Board members The committee determines the overall remuneration package for executive directors in order to attract and retain high quality executives capable of achieving the group's objectives

The Board is currently reviewing the Group's Corporate Governance to ensure that the structure follows best practice and that the members have the best possible opportunity to take part in and be properly represented by their Chambers

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the annual 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 of the group and of the profit or loss of the group for that year In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT

to the members of Birmingham Chamber of Commerce and Industry

We have audited the financial statements of Birmingham Chamber of Commerce and Industry for the year ended 31st March 2012 which comprise the Group Income and Expenditure Account, the Group Note of Historical Cost Surpluses and Deficits, the Group Statement of Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 25 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31st March 2012 and of the group's surplus for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

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

Ernst & Young LLP

Christopher Voogd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
11 OCTOBER 2012

Notes

1 The maintenance and integrity of the Birmingham Chamber of Commerce and Industry web site is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site

2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

GROUP INCOME & EXPENDITURE ACCOUNT
for the year ended 31st March 2012

	Note	2012 £000	2011 (restated) £000
Income	2	**8,442**	10,422
Expenditure			
Administrative expenses		**(8,273)**	(10,404)
		169	18
Operating exceptional items	6	**(126)**	(133)
Operating surplus/(deficit)	3	**43**	(115)
Net finance credit/(charge)	7	**46**	(15)
Surplus/(deficit) on ordinary activities before tax		**89**	(130)
Tax on surplus/(deficit) on ordinary activities	8	**(31)**	(16)
Surplus/(deficit) for the year	19	**58**	(146)

The results relate to continuing activities

GROUP NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31st March 2012

	2012 £000	2011 £000
Reported surplus/(deficit) on ordinary activities before tax	**89**	(130)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**28**	28
Historical cost surplus/(deficit) on ordinary activities before tax	**117**	(102)
Historical cost surplus/(deficit) for the year after tax	**86**	(118)

GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2012

	Note	2012 £000	2011 £000
Surplus/(deficit) for the year		**58**	(146)
Actuarial (loss)/gain	22	**(995)**	572
Deferred tax on the actuarial (loss)/gain	22	**199**	(120)
Unrealised surplus on revaluation of leasehold property	10	**104**	-
Total recognised (losses)/gains relating to the year		**(634)**	306

BALANCE SHEETS
at 31st March 2012

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Fixed assets					
Tangible assets	10	**2,967**	2,924	**2,963**	2,916
Investments					
Subsidiary undertakings	11	**-**	-	**1**	1
Other investments	12	**-**	-	**-**	-
		2,967	2,924	**2,964**	2,917
Current assets					
Stocks		**7**	6	**5**	5
Debtors	13	**1,348**	1,971	**1,020**	1,479
Deferred taxation	14	**103**	69	**93**	58
Cash at bank and in hand	15	**10**	391	**1,570**	1,708
		1,468	2,437	**2,688**	3,250
Creditors: amounts falling due within one year	16	**1,263**	1,648	**903**	1,367
Net current assets		**205**	789	**1,785**	1,883
Total assets less current liabilities		**3,172**	3,713	**4,749**	4,800
Provisions for liabilities	17	**-**	75	**-**	75
Accruals and deferred income	18	**1,321**	1,833	**1,305**	1,775
Net assets excluding pension liability		**1,851**	1,805	**3,444**	2,950
Net pension liability	22	**984**	304	**984**	304
Net assets including pension liability		**867**	1,501	**2,460**	2,646
Represented by.					
Revenue reserves	19	**(45)**	665	**1,548**	1,810
Revaluation reserve	19	**912**	836	**912**	836
		867	1,501	**2,460**	2,646

The accounts have been prepared in accordance with the Companies Act 2006 and related regulation The accounts were approved by the Board on 14th September 2012

Signed on behalf of the Board

M A Hibbert
Finance Director
14th September 2012
(Company Number 78731)

GROUP CASH FLOW STATEMENT
for the year ended 31st March 2012

	Note	£000	2012 £000	£000	2011 £000
Net cash (outflow)/inflow from operating activities	9		**(598)**		45
Returns on investments and servicing of finance					
Interest received		**1**		1	
Interest paid		**(15)**		(11)	
Net cash outflow from returns on investments and servicing of finance			**(14)**		(10)
UK Corporation Tax paid			**-**		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(25)**		(28)	
Net cash outflow from capital expenditure and financial investment			**(25)**		(28)
(Decrease)/increase in cash in the year			**(637)**		7

Reconciliation of net cash flow to movement in net funds

	Note	2012 £000	2011 £000
Increase in cash in the year		**(637)**	7
Net funds at beginning of the year		**391**	384
Net funds at end of the year	15	**(246)**	391

Cash flow relating to exceptional items
The 2012 operating cash outflow includes outflows of £126,000 (2011 £133,000) relating to exceptional items

NOTES TO THE ACCOUNTS
at 31st March 2012

1. Accounting policies

Basis of preparation
The accounts are prepared under the historical cost convention modified to include the revaluation of leasehold property The accounts are prepared in accordance with applicable accounting standards

Prior year adjustment
In accordance with company policy costs incurred in 2011 in the administration of the Flexible New Deal contract were deferred in the balance sheet until the associated revenue had been received The deferral of cost in the year ended 31st March 2011 was £263k The adjustment to defer such costs was posted against revenue rather than cost of sales The correcting entry to reduce cost of sales has been made in the comparative results in these accounts Due to the size of the error it has been treated as a prior year adjustment in accordance with FRS 3 There is no impact on gross profit as the adjustment is a reclassification between revenue and cost of sales only

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 to 3

The Group's short-term funding requirement can be met within its current uncommitted bank overdraft facility of £494,000 (total bank overdraft facility is £750,000) The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group will be able to operate within the facility for a period of at least 12 months from the date these accounts were approved This facility is uncommitted in nature but the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to the Group's attention to suggest that the overdraft facility may not be available on acceptable terms

The Directors also note that the Group continues to hold a significant funding deficit on its defined benefit pension scheme In 2012 the Group successfully agreed a funding plan to 2026 with the Scheme Trustee of £120k per annum increasing by 5% per annum The Directors are confident that these contributions can be adequately financed

After making enquiries, the directors have reasonable expectation that the Company and the Group will have adequate resources to continue its operations for the foreseeable future Accordingly, they continue to adopt the going concern basis for preparing the annual report and accounts

Deferral of income
Membership subscription income is deferred to the extent that it relates to future years

Basis of consolidation
The group accounts consolidate the accounts of BCCI and all its subsidiary undertakings drawn up to 31st March 2012 No income and expenditure account is presented for BCCI as permitted by s 408 of the Companies Act 2006

Government grants
Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate

Stocks
Stocks are valued at the lower of cost and net realisable value

Leasing
Operating lease rentals are charged in expenditure on a straight-line basis over the lease term

Provisions for liabilities
A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

Fixed assets
All fixed assets are initially recorded at cost Leasehold property was formally revalued as at 31st March 2012, with the revaluation surplus being taken to the revaluation reserve

NOTES TO THE ACCOUNTS
at 31st March 2012

1. Accounting policies (continued)

Depreciation
Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows

Leasehold property	- 50 years
Fixtures and equipment	- 5 to 8 years
Computers	- 3 to 5 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to revenue reserves

The carrying values of tangible assets are reviewed for impairment in years if events or changes in circumstances indicate the carrying value may not be recoverable

Pensions
The group operates a funded defined benefit pension scheme, a non-contributory defined contribution pension scheme and a contributory defined contribution pension scheme for its employees

Contributions made to the defined contribution pension schemes are charged in the income and expenditure account as they become payable in accordance with the rules of the schemes

The cost of providing benefits under the defined benefit pension scheme is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest costs is recognised in the income and expenditure account as other finance income or expense Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly Fair value is based on market price information and in the case of quoted securities is the published mid-market price The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

NOTES TO THE ACCOUNTS
at 31st March 2012

2. Income

Income represents the amounts derived from the provision of goods and services in the United Kingdom which fall within the group's continuing ordinary activities, stated net of value added tax Income is attributable to the following business areas

	2012 £000	2011 restated £000
Membership & Patrons	**1,256**	1,206
Public Funded Activity	**3,611**	4,972
General Services	**3,160**	3,913
Rental Income	**415**	331
	8,442	10,422

Public Funded Activity income relates to European and Government funding received to support consultancy, export, training and employment services to businesses The 2011 figure has been amended from £5,235,000 to £4,972,000 to reflect a change in disclosure of work-in-progress in 2012 from income to a reduction in administrative expenses

3. Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging

	2012 £000	2011 £000
Staff costs (note 4)	**3,558**	4,608
Exceptional items (note 6)	**126**	133
Auditors' remuneration – audit services	**33**	32
Auditors' remuneration – non-audit services	**17**	14
Depreciation	**86**	91
Operating lease rentals – plant and machinery	**105**	87
– land and buildings	**95**	61

4. Staff costs

	2012 £000	2011 £000
Salaries and wages	**3,151**	4,081
Social security costs	**309**	409
Other pension costs		
Defined contribution	**98**	118
Defined benefit (note 22)	**-**	-
	3,558	4,608

The average number of persons employed by the group during the year was 113 (2011 132) Discretionary staff bonuses are recognised in the year in which they are approved and the staff costs for 2011 include bonus payments relating to 2010 and 2011 No bonus payments were included in 2012 staff costs

NOTES TO THE ACCOUNTS
at 31st March 2012

5. Directors' emoluments

	2012 £000	2011 £000
Emoluments (excluding pension contributions)	**223**	284

Non-executive directors did not receive any remuneration for their services The emoluments, excluding pension contributions, of the highest paid director were £128,764 (2011 £169,187) Directors' discretionary bonuses are recognised in the year in which they are approved by the Remuneration Committee and the emoluments for 2011 include bonus payments relating to 2010 and 2011 No bonus payments were included in 2012 emoluments

6. Operating exceptional items

	2012 £000	2011 £000
Recognised in arriving at operating surplus/(deficit)		
Re-organisation costs	**126**	133

Re-organisation costs relate to redundancy and other similar costs

7. Net finance credit/(charge)

	2012 £000	2011 £000
Interest on bank overdrafts	**(15)**	(11)
Bank interest receivable	**1**	1
Expected return on assets in the pension scheme less interest on pension scheme liabilities (note 22)	**60**	(5)
	46	(15)

8. Taxation

	2012 £000	2011 £000
Tax on surplus/(deficit) on ordinary activities		
Deferred tax (note 14)		
Origination and reversal of timing differences	**31**	16

Factors affecting the tax charge for the year

The tax assessed on the surplus/(deficit) on ordinary activities for the year is lower than the standard rate of corporation tax The differences are explained below

	2012 £000	2011 £000
Surplus/(deficit) on ordinary activities before taxation	**89**	(130)
Surplus/(deficit) on ordinary activities at the standard rate of tax of 20% (2011 20%)	**18**	(26)
Effect of		
Disallowed expenses	**16**	21
Difference between capital allowances and depreciation	**2**	16
Pension provision	**(36)**	(24)
Tax losses carried forward/(utilised)	**-**	13
Current tax charge for the year	**-**	-

NOTES TO THE ACCOUNTS
at 31st March 2012

9. Net cash flow from operating activities

	2012 £000	2011 £000
Operating surplus/(deficit)	**43**	(115)
Pension contributions	**(120)**	(120)
Depreciation	**86**	91
Increase in deferred subscriptions provision	**5**	113
Decrease in other provisions	**(75)**	(607)
Increase in stocks	**(1)**	(1)
Decrease in debtors	**623**	1,021
Decrease in creditors	**(1,159)**	(337)
Net cash (outflow)/inflow from operating activities	**(598)**	45

10. Tangible fixed assets

	Long Leasehold Property £000	Computers & Fixtures £000	Total £000
Group Cost or Valuation			
At 1st April 2011	2,952	2,017	4,969
Additions during the year	22	3	25
Deficit on revaluation	(44)	-	(44)
At 31st March 2012	**2,930**	**2,020**	**4,950**
Group Depreciation			
At 1st April 2011	98	1,947	2,045
Charge for the year	50	36	86
Written back on revaluation	(148)	-	(148)
At 31st March 2012	**-**	**1,983**	**1,983**
Group Net book value at 31st March 2012	**2,930**	**37**	**2,967**
Group Net book value at 1st April 2011	2,854	70	2,924
Company Cost or Valuation			
At 1st April 2011	2,952	1,923	4,875
Additions during the year	22	3	25
Deficit on revaluation	(44)	-	(44)
At 31st March 2012	**2,930**	**1,926**	**4,856**
Company Depreciation			
At 1st April 2011	98	1,861	1,959
Charge for the year	50	32	82
Written back on revaluation	(148)	-	(148)
At 31st March 2012	**-**	**1,893**	**1,893**
Company Net book value at 31st March 2012	**2,930**	**33**	**2,963**
Company Net book value at 1st April 2011	2,854	62	2,916

NOTES TO THE ACCOUNTS
at 31st March 2012

10. Tangible fixed assets (continued)

The long leasehold property was valued at £2,930,000 by Jones Lang LaSalle Limited as at 31st March 2012 on the basis of market value in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards The historical cost of long leasehold property included at valuation is as follows

	Group £000	Company £000
At 31st March 2012	**1,438**	**1,438**
At 1st April 2011	1,422	1,422

A fixed charge over the long leasehold property was granted to the Trustee of the Chamber's defined benefit pension scheme in August 2007

11. Subsidiary undertakings

BCCI holds the whole of the issued share capital in the following companies

- Birmingham Chamber Business Services Limited - 2 shares of £1 each The company's principal activity is the provision of business services on a commercial basis to members and non-members
- Birmingham C O C Pension Fund Trustee Company Limited - 100 shares of 5p each The company acts as the trustee of the group's staff pension scheme and was dormant throughout the year
- Birmingham Chamber Training Limited - 100 shares of £1 each The company's principal activity is the provision of employment services
- The Central Chambers of Commerce and Industry Limited - 100 shares of £1 each The company was dormant throughout the year and was dissolved on 8th May 2012
- Sandwell Chamber of Commerce and Industry Limited - 100 shares of £1 each The company was dormant throughout the year and was dissolved on 8th May 2012

BCCI was the sole member of the following companies which are limited by guarantee and were dormant throughout the year

- Skills4Auto Limited
- West Midlands Chamber of Commerce (dissolved on 8th May 2012)
- Southern Staffordshire Chamber of Commerce and Industry (dissolved on 8th May 2012)

12. Other investments

The Chamber owns one £1 B Share in National Exhibition Centre Limited, which is registered in England and Wales The company acts as the non-profit making managing agent for the National Exhibition Centre (NEC), the assets of which are owned by Birmingham City Council (BCC) The share carries the right of attending and voting at General Meetings of the Company

13. Debtors

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Trade debtors	**875**	1,413	**680**	910
Other debtors	**412**	421	**252**	101
Prepayments and accrued income	**61**	137	**53**	99
Amounts owed by group undertakings	**-**	-	**35**	369
	1,348	1,971	**1,020**	1,479

NOTES TO THE ACCOUNTS
at 31st March 2012

14 Deferred taxation

The major components of the deferred tax asset recognised in the accounts are as follows

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Capital allowances	**103**	69	**93**	58
Pension deficit (note 22)	**246**	111	**246**	111
	349	180	**339**	169

In addition a deferred tax asset of £246,000 (2011 £83,000) has been recognised in respect of the Group and Company's defined benefit pension scheme deficit (note 22)

The major components of deferred tax asset not recognised in the accounts are as follows

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Accelerated capital allowances	**6**	7	**-**	-
Tax losses	**250**	250	**24**	24
Surplus on revaluation	**-**	-	**-**	-
	256	257	**24**	24

Movement in the deferred tax asset during the year

	Group £000	Company £000
At 1st April 2011	180	169
Adjustment in respect of previous years	5	4
Current year	(35)	(33)
Other adjustments	199	199
At 31st March 2012	**349**	**339**

15. Analysis of changes in net funds

	2010 £000	Cash flows £000	2011 £000	Cash flows £000	**2012 £000**
Cash at bank and in hand	399	(8)	391	(381)	**10**
Bank overdraft	(15)	15	-	(256)	**(256)**
Net funds/(deficit)	384	7	391	(637)	**(246)**

16. Creditors: amounts falling due within one year

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Bank overdrafts	**256**	-	**-**	-
Trade creditors	**478**	756	**359**	580
Other creditors	**259**	520	**233**	457
Other taxes and social security costs	**270**	372	**217**	242
Amounts owed to group undertakings	**-**	-	**94**	88
	1,263	1,648	**903**	1,367

NOTES TO THE ACCOUNTS
at 31st March 2012

17. Provisions for liabilities

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Project costs	-	75	-	75

Group and company movement in provisions during the year

	Project Costs £000
At 1st April 2011	75
Released during the year	(75)
At 31st March 2012	-

Project costs relate to potential repayments of funding received on legacy projects

18. Accruals and deferred income

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Accruals and deferred income falling within one year	**652**	662	**636**	604
Accruals falling due after more than one year	-	124	-	124
Deferred Subscriptions Income	**669**	664	**669**	664
Funding to be utilised in after more than one year	-	383	-	383
	1,321	1,833	**1,305**	1,775

Deferred Subscriptions Income relates to membership subscriptions received relating to membership periods after 31st March 2012

19. Movement on reserves

	Revaluation reserve		Revenue reserve	
	Group £000	Company £000	Group £000	Company £000
At 31st March 2010	864	864	331	1,284
Transfer during the year	(28)	(28)	28	28
Pension fund deficit movement net of tax	-	-	452	452
Surplus for the year	-	-	(146)	46
At 31st March 2011	836	836	665	1,810
Transfer during the year	(28)	(28)	28	28
Pension fund deficit movement net of tax	-	-	(796)	(796)
Leasehold property revaluation surplus	104	104	-	-
Surplus for the year	-	-	58	506
At 31st March 2012	**912**	**912**	**(45)**	**1,548**

The company is limited by guarantee and is prohibited by its Memorandum of Association from distributing surpluses or reserves

20. Surplus attributable to the parent company

The surplus dealt with in the accounts of the parent company was £506,000 (2011 £46,000) Advantage has been taken of the exemption from publication of the company's own income and expenditure account

NOTES TO THE ACCOUNTS
at 31st March 2012

21. Other financial commitments
At the year end, the annual commitments under non-cancellable operating leases were as follows

	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Land and buildings leases expiring				
within one year	**34**	66	**30**	-
in two to five years	**6**	40	**-**	34
Other leases expiring				
within one year	**9**	2	**9**	2
in two to five years	**96**	101	**96**	101
	145	209	**135**	137

22. Pension commitments
The group operates a funded defined benefit pension scheme ("DBPS") and a defined contribution pension scheme for its employees The assets of the DBPS are held separately from those of the group and the pension scheme is administered by the Birmingham C O C Pension Fund Trustee Company Limited

The scheme was closed to new entrants on 30th September 2002 In May 2007 the Chamber entered into an agreement with the scheme Trustee for the future funding of the DBPS The agreement was conditional upon consent which was received from active members of the scheme to the cessation of accrual of future service benefits with effect from 1st September 2007 Regular contributions by members of the DBPS therefore ceased on that date

Following a triennial actuarial valuation as at 30th June 2011, a Recovery Plan was agreed with the scheme Trustee based on the Chamber contributing at the rate of £120,000 p a increasing by 5% per annum (plus a percentage of certain surpluses) with the intention of eliminating the scheme's funding deficit by 2026 The Chamber also meets the Fund's expenses The Recovery Plan has been approved by the Pensions Regulator

The group has adopted FRS 17 "Retirement Benefits" in full and the following disclosures are required under FRS 17 These disclosures, which relate to the DBPS, do not reflect the longer-term nature of pension schemes In particular, the market value of the equity element of the DBPS fund is required to be included at market value at the balance sheet date In the short term, such values may fluctuate to a material extent

A full actuarial valuation of the defined benefit pension scheme was carried out as at 30th June 2011 An updated actuarial valuation of the liabilities was obtained as at 31st March 2012 and the principal actuarial assumptions used were

	2012 % p.a.	2011 % p a	2010 % p a
Price inflation (RPI)	**2.80**	3 30	3 70
Price inflation (CPI)	**2.40**	2 90	n/a
Rate of increase in pay	**n/a**	n/a	n/a
Rate of increase of pensions in payment with statutory increases	**2.80**	3 10	3 50
Rate of increase of pensions in payment with discretionary increases	**Nil**	Nil	Nil
Rate of increase for deferred pensioners (in excess of any Guaranteed Minimum Pension element)	**2.80**	2 90	3 70
Discount rate	**4.80**	5 60	5 70

NOTES TO THE ACCOUNTS
at 31st March 2012

22. Pension commitments (continued)

The assets and liabilities of the defined benefit pension scheme as at 31st March 2012 and the expected long-term rate of return were

	2012 Fair value £000	**2012 Return % p.a.**	2011 Fair value £000	2011 Return % p a	2010 Fair value £000	2010 Return % p a
Equities	**4,075**	**7.00**	4,498	8.00	3,995	8.20
Bonds	**4,866**	**5.00**	4,182	5.00	4,102	4.70
Property	**-**	**-**	-	7.50	39	7.80
Cash	**54**	**4.50**	105	4.50	401	4.50
Fair value of fund assets	**8,995**	**5.90**	8,785	6.53	8,537	6.34
Actuarial value of scheme liabilities	**(10,225)**		(9,200)		(9,639)	
Deficit in the scheme	**(1,230)**		(415)		(1,102)	
Deferred tax	**246**		111		231	
Deficit after tax	**(984)**		(304)		(871)	

Analysis of amount (credited)/charged to other finance income

	2012 £000	2011 £000
Interest on pension scheme liabilities	**499**	536
Expected return on assets in the pension scheme	**(559)**	(531)
Net (credit)/charge to other finance income	**(60)**	5

Analysis of amounts included in the Statement of Recognised Gains and Losses

	2012 £000	2011 £000	2010 £000
Gain on assets	**(112)**	(59)	(1,327)
Experience gain on liabilities	**-**	-	-
Loss/(gain) on change of assumption	**1,107**	(513)	1,690
Total actuarial loss /(gain)	**995**	(572)	363

History of experience gains and losses

	2012	2011	2010	2009	2008
(Gain)/loss on assets (£000's)	**(112)**	(59)	(1,327)	1,840	760
as a % of scheme assets at the year end	**(1.2%)**	(0.7%)	(15.5%)	25.1%	8.4%
Experience (gain)/loss on liabilities (£000's)	**-**	-	-	(365)	-
as a % of scheme liabilities at the yearend	**0.0%**	0.0%	0.0%	(4.5%)	0.0%
Loss/(gain) on liabilities (£000's)	**1,107**	(513)	1,690	(38)	(1,139)
as a % of scheme liabilities at the year end	**10.8%**	(5.6%)	17.5%	(0.5%)	(13.5%)

NOTES TO THE ACCOUNTS
at 31st March 2012

22. Pension commitments (continued)

The movement in the scheme deficit during the year was as follows

	2012 £000	2011 £000
Deficit in the scheme at the beginning of the year	**(415)**	(1,102)
Contributions paid	**120**	120
Current service cost	**-**	-
Other finance credit/(charge)	**60**	(5)
Actuarial (loss)/gain	**(995)**	572
Deficit in the scheme at the year end	**(1,230)**	(415)

23. Contingent liabilities

The Company is party to a cross guarantee with certain other Group companies in connection with its day-to-day cash pooling arrangements Any potential liability is capped at the level of on hand balances held by the Company and any net overdraft of the Group companies subject to the group banking arrangement At 31 March the Company had cash balances within the group banking arrangement of £1,560,000 (2011 £1,690,000) and the Group of Companies had net balances within the group banking arrangement of £(256,000) (2011 £342,000) Therefore the company has a contingent liability at the year end date of £1,816,000 (2011 £1,348,000)

24. Transactions with Related Parties

During the year the company made payments in the normal course of business and at normal market price to the following companies which had certain directors who were also directors of the Chamber of Commerce

Director and Related Party	**2012 £000 Value for the year**	**2012 £000 Balance at year end**	2011 £000 Value for the year	2011 £000 Balance at year end
C Braddock – Birmingham Metropolitan College	**-**	**-**	3	-
G J Lowson – Pinsent Masons	**-**	**-**	3	-
S M Topman – British Chambers of Commerce	**98**	**-**	94	-

25. Ultimate Controlling Party

The Board considers that the due to the broad membership of the Chamber, the company has no ultimate controlling party