

Birmingham Chamber of Commerce and Industry

Report and Accounts

31st March 2013

Registered Number 78731

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COMPANIES HOUSE

DIRECTORS' REPORT

The Directors present their report and the group accounts for the year ended 31st March 2013. 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 £65,000 (2012: £58,000) and has been carried to reserves. The surplus was after additional depreciation of £22,000 (2012: £28,000) resulting from the revaluation of long leasehold property on 31st March 2012 (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 £10. Any surpluses generated cannot be distributed but are re-invested for the benefit of members.

The Birmingham Chamber Group (BCG) includes the Birmingham Chamber of Commerce, 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.

Also included in BCG during the year were Birmingham Chamber Training Limited and Birmingham Chamber Business Services Limited, both wholly owned subsidiary undertakings. The businesses of these subsidiaries were hived up to BCCI on 31st March 2013. This had no impact on the Group's results for the year but did impact on the BCCI's results as the parent company, as set out in note 19.

BCG 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 Group's vision is to create a thriving business community for all businesses in the Greater Birmingham area. At the heart of our offer is our ability to 'make connections'. This is encapsulated in our promise to members that we will connect them and their people to opportunity.

Whilst developing and growing membership is central to BCG'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 18% of total income for the year. To add value to the membership experience, the Group provides business services on a funded basis. Funded business services provided by BCG to its members and customers include UK Trade Investment supported international trade & export services and business start-up assistance and employment services through the Work Programme. The Group also helps member and non-member businesses by providing conference & meeting facilities, export documentation services and other business services.

Review of the Business

The Group's income for the year of £6.6 million was £1.8 million lower than in the previous year, mainly as a result of reduced funding for business support and training which was £2.3 million lower. This takes the total decrease in funding over the last two years to £3.7 million. An analysis of income is set out in note 2.

The Group's operating surplus before exceptional operating items was £149,000 compared to £169,000 in the previous year. The operating surplus after exceptional operating items was £75,000 compared to the previous year's £43,000. Note 6 to the accounts shows that exceptional reorganisation costs of £73,000 had continued to have a significant impact on the year's result, as they did in the previous year when reorganisation costs were £126,000. BCG is now benefiting from significant annual cost savings as a result of the £332,000 spent on reorganisation over the last three years.

The Group's net assets reported in the balance sheet are £882,000. This is an increase of £15,000 for the year resulting from:

| | £000 |
|--|------|
| Historical cost surplus for the year after tax | 87 |
| Pension fund actuarial loss net of tax | (50) |
| Leasehold property revaluation depreciation | (22) |

DIRECTORS' REPORT

Review of the Business (continued)

The pension fund deficit is as measured under FRS17 and decreased by £79,000 after contributions of £120,000, as set out in note 21 to the accounts. It should be noted that the disclosures required under FRS 17 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 Group. At 1st April 2012 the total BCG membership was 2,762. At 31st March 2013 the total had fallen by 81 to 2,681. This 2.9% decrease is an improvement on the 5.0% decrease in 2011/12 and compares to a national chambers' membership decrease of 4.4%. Income from members and patrons was £1.22 million compared to £1.25 million in 2011/12.

Principal risks and uncertainties

The main treasury risks faced by the BCG relate to liquidity and BCCI manages its treasury function to maximise its liquidity position. The Group's net borrowings at the beginning of the year of £246,000 increased by £70,000 as set out in the Group Cash Flow Statement. The main element of the increase in borrowings is analysed in note 9 to the accounts. Net interest paid was £20,000 (2011/12: £14,000).

In common with many organisations in the UK, BCCI is managing an actuarial funding deficit in its Final Salary Pension Scheme. The deficit is accounted for in the Group's balance sheet under FRS17 (as explained above) and the methodology prescribed by the standard showed a deficit at the year-end of £905,000 net of deferred tax (2012: £984,000). How this liability is reflected in the balance sheet depends largely on factors that are outside of BCCI's control, being principally long-term investment returns, bond yields, inflation rates 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 BCCI believes to be affordable. Contributions of £120,000 were paid into the fund during the year.

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 and the Directors estimate that this valuation did not change materially during the year.

Future Developments

BCG's 2013-16 business plan has reaffirmed that we are a business services organisation with members at our heart. We are seeking to develop business support following the evolving thinking to create increased devolution of government services via local partners. Our group of Chambers can be at the centre of this and we want to build a reputation for being the "go to" organisation for businesses seeking help and to be known for delivering great services for business, some of which will be publicly-funded. Through this strategy we aim to become more respected by businesses and government for shaping the supply of services and articulating what business wants because we believe that a great reputation for delivering relevant services for businesses will also drive up membership numbers – membership growth is a clear target for this strategy.

We therefore believe that BCG should seek to be the "go to" organisation for any business looking for help. We will therefore work to build a sign-posting competency into our offer to members in a more structured, determined way and continue to pursue development of individual membership categories. Our Future Faces product, for example, has already been identified as having the potential to re-energise the core Chamber brand. Positioning BCG in the wider service delivery space as a strategy to drive membership growth feels relevant in the current economic and political climate. Indeed, it is at the heart of Lord Heseltine's strategy in his 'No Stone Unturned' review.

DIRECTORS' REPORT

Directors and their interests

On 14th September 2012 the members approved new Articles of Association which changed the constitution of the BCCI's board of directors. The directors, including the Honorary Officers, as at 31st March 2013 and those who served during the year were as follows

D J Waller (Chairman)

M J Ward (President) – resigned 8/11/12

S T Brittan (President)

T S D Pile (Senior Vice-President)

M C Froom (Co-opted Member)

G J Lowson (Vice-President – Co-opted Member)

C Braddock (Immediate Past President) – resigned 16/11/12

J B Blackett (Chief Executive, BCCI)

M A Hibbert (Finance Director, BCCI)

J A Haywood (Chairman, Burton & District Chamber) – resigned 16/11/12

A C King (President, Chase Chamber) – resigned 28/9/12

A J N Awan (Chairman, Institute of Asian Businesses) – resigned 23/10/12, re-appointed 15/3/13

N Lancaster (President, Lichfield & Tamworth Chamber) – resigned 28/9/12

A Volkaerts (President, Solihull Chamber) – resigned 6/11/12

S M Topman (Chairman, Birmingham Chamber Training Limited) – resigned 1/10/12

A D Bland (Elected Member) – resigned 8/10/12

I D Sparkes (Elected Member) – resigned 14/8/12

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 BCCI as part of its professional indemnity insurance arrangements.

Going concern

The Group's short-term funding requirement can be met within its current bank overdraft facility of £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 final salary pension scheme. In 2012 the Group successfully agreed a funding plan to 2026 with the Scheme Trustee of £120,000 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

Director

21st October 2013

CORPORATE SOCIAL RESPONSIBILITY

In common with many organisations, the Chamber recognises its obligations to Corporate Social Responsibility (CSR) in creating the right culture for our business. We take a broader view of business issues, prompting us to consider ethical and sustainability issues to the benefit of all our stakeholders, ranging from members to employees, suppliers, local community partners and society in general. We use a simple model to divide our approach to CSR into six main segments

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

- BCG's core activities naturally involve it with local communities, both on a social and business basis. The Group is represented on City and Regional boards and we deliver public funded projects each year with the aim of creating and safeguarding jobs and businesses around the region
- Staff are encouraged to undertake voluntary work and are members of community organisations
- Each year the BCCI's President selects a charity to benefit from the Group's various fund raising activities. Employees are encouraged to support these charitable events

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

- BCG recognises that its day-to-day operations and activities have an effect on the environment. Where possible, we have introduced measures such as recycling schemes and purchasing consumables from environmentally-responsible sources to improve and protect the environment
- We aim 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

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

- We retained our Investor in People accreditation in 2012-13 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 Group and pride in working for BCG
- 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

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

- BCG endeavours to provide opportunities to members and small businesses. We work with suppliers and contractors to encourage them to develop their own sustainable practices
- The public funded activity which the Group undertakes is aimed at creating opportunities for work and helping deprived communities
- BCCI 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
- BCG is a British Chambers of Commerce Accredited group of Chambers which sets the standards for core business competencies including governance and financial management and core services such as membership and policy

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 and staff behaviours are evaluated and appropriately rewarded as part of Performance Improvement Reviews

How we influence the behaviour of our members

- 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

CORPORATE GOVERNANCE

Following a review of the Group's corporate governance, improvements were incorporated into the Articles of Association which were approved by the members on 14th September 2012. The BCCI Board believes that the revision ensures 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 within the Group.

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 Board is responsible for identifying the major business risks faced by the group and for agreeing with the Executive Management 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.

- **The Appointments Committee**

The Appointments Committee is appointed by the Board from amongst the Board Members and consists of not less than four members. The Appointments Committee identifies for approval by the Chamber Council suitable candidates for senior appointments up to and including the Board Chairman, Chief Executive, Chief Finance Officer and other senior officers as decided by the Board.

- **The Audit Committee**

The Audit Committee is appointed by the Board from amongst the Board Members and consists of not less than four members. The Board satisfies itself that at least one member of the Audit Committee has sufficiently recent and relevant financial experience to be chairman of the Audit Committee. The Audit Committee's terms of reference are periodically agreed by the Board to ensure that the Audit Committee operates in accordance with best practice. The Chief Executive attends by invitation only.

- **The Remuneration Committee**

The Remuneration 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 members of the Committee are the Chairman, the Chief Executive, the President and two Board Members. The terms of reference of the Committee are agreed by the Board and the Chairman and the Chief Executive absent themselves from all discussions regarding their own remuneration.

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 2013 which comprise the Group Income and Expenditure Account, the Group Note of Historical Cost Surpluses and Deficits, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 24. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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 2013 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 *Ernst & Young LLP*
Anup Sodhi (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
21st October 2013

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 2013

| | | 2013 | 2012 |
|---|--------|----------------|----------------|
| | | £000 | £000 |
| Income | Note 2 | 6,633 | 8,442 |
| Expenditure | | | |
| Administrative expenses | | (6,484) | (8,273) |
| Operating surplus before operating exceptional items | | 149 | 169 |
| Operating exceptional items | 6 | (74) | (126) |
| Operating surplus | 3 | 75 | 43 |
| Net finance credit | 7 | 21 | 46 |
| Surplus on ordinary activities before tax | | 96 | 89 |
| Tax on surplus on ordinary activities | 8 | (31) | (31) |
| Surplus for the year | 18 | 65 | 58 |

The results relate to continuing activities

GROUP NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

for the year ended 31st March 2013

| | 2013 | 2012 |
|---|-------------|-------------|
| | £000 | £000 |
| Reported surplus on ordinary activities before tax | 96 | 89 |
| Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount | 22 | 28 |
| Historical cost surplus on ordinary activities before tax | 118 | 117 |
| Historical cost surplus for the year after tax | 87 | 86 |

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2013

| | | 2013 | 2012 |
|---|------|-------------|--------------|
| | | £000 | £000 |
| | Note | | |
| Surplus for the year | | 65 | 58 |
| Actuarial loss | 21 | (62) | (995) |
| Deferred tax on the actuarial loss | 21 | 12 | 199 |
| Unrealised surplus on revaluation of leasehold property | 10 | - | 104 |
| | | <hr/> | <hr/> |
| Total recognised gains /(losses) relating to the year | | 15 | (634) |
| | | <hr/> | <hr/> |

BALANCE SHEETS

at 31st March 2013

| | | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---|------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| | Note | | | | |
| Fixed assets | | | | | |
| Tangible assets | 10 | 2,908 | 2,967 | 2,908 | 2,963 |
| Investments | | | | | |
| Subsidiary undertakings | 11 | - | - | - | 1 |
| Other investments | 12 | - | - | - | - |
| | | 2,908 | 2,967 | 2,908 | 2,964 |
| Current assets | | | | | |
| Stocks | | 6 | 7 | 6 | 5 |
| Debtors | 13 | 1,251 | 1,348 | 1,251 | 1,020 |
| Deferred taxation | 14 | 103 | 103 | 103 | 93 |
| Cash at bank and in hand | 15 | 8 | 10 | 8 | 1,570 |
| | | 1,368 | 1,468 | 1,368 | 2,688 |
| Creditors: amounts falling due within one year | 16 | 1,270 | 1,263 | 1,270 | 903 |
| Net current assets | | 98 | 205 | 98 | 1,785 |
| Total assets less current liabilities | | 3,006 | 3,172 | 3,006 | 4,749 |
| Accruals and deferred income | 17 | 1,219 | 1,321 | 1,219 | 1,305 |
| Net assets excluding pension liability | | 1,787 | 1,851 | 1,787 | 3,444 |
| Net pension liability | 21 | 905 | 984 | 905 | 984 |
| Net assets including pension liability | | 882 | 867 | 882 | 2,460 |
| Represented by: | | | | | |
| Revenue reserves | 18 | (8) | (45) | (8) | 1,548 |
| Revaluation reserve | 18 | 890 | 912 | 890 | 912 |
| | | 882 | 867 | 882 | 2,460 |

The accounts have been prepared in accordance with the Companies Act 2006 and related regulation. The accounts were approved by the Board on 15th October 2013.

Signed on behalf of the Board



M A Hibbert
Director
21st October 2013
(Company Number 78731)

GROUP CASH FLOW STATEMENT

for the year ended 31st March 2013

| | Note | £000 | 2013 £000 | £000 | 2012 £000 |
|--|------|------|--------------|------|--------------|
| Net cash outflow from operating activities | 9 | | (50) | | (598) |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | - | | 1 | |
| Interest paid | | (20) | | (15) | |
| Net cash outflow from returns on investments and servicing of finance | | | (20) | | (14) |
| UK Corporation Tax paid | | | - | | - |
| Capital expenditure and financial investment | | | | | |
| Purchase of tangible fixed assets | | - | | (25) | |
| Net cash outflow from capital expenditure and financial investment | | | - | | (25) |
| Decrease in cash in the year | | | (70) | | (637) |
| Reconciliation of net cash flow to movement in net funds | | | | | |
| Decrease in cash in the year | | | (70) | | (637) |
| Net funds at beginning of the year | | | (246) | | 391 |
| Net funds at end of the year | 15 | | (316) | | (246) |

Cash flow relating to exceptional items

The 2013 operating cash outflow includes outflows of £74,000 (2012 £126,000) relating to operating exceptional items

NOTES TO THE ACCOUNTS

at 31st March 2013

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.

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 bank overdraft facility of £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 £120,000 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.

Other revenue: rental income

Rental income is recognised in the period to which it relates.

Basis of consolidation

The group accounts consolidate the accounts of BCCI and all its subsidiary undertakings drawn up to 31st March 2013. 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 as 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 2013

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 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 2013

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

| | 2013 £000 | 2012 £000 |
|------------------------|--------------|--------------|
| Membership & Patrons | 1,220 | 1,256 |
| Public Funded Activity | 1,344 | 3,611 |
| General Services | 3,677 | 3,160 |
| Rental Income | 392 | 415 |
| | 6,633 | 8,442 |

Public Funded Activity income relates to European and Government funding received to support consultancy, export, training and employment services to businesses

3. Operating surplus

The operating surplus is stated after charging

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Staff costs (note 4) | 3,029 | 3,558 |
| Exceptional items (note 6) | 74 | 126 |
| Auditors' remuneration – audit services | 20 | 33 |
| Auditors' remuneration – non-audit services | 15 | 17 |
| Depreciation | 59 | 86 |
| Operating lease rentals – plant and machinery | 101 | 105 |
| – land and buildings | 68 | 95 |

4 Staff costs

| | 2013 £000 | 2012 £000 |
|---------------------------|--------------|--------------|
| Salaries and wages | 2,708 | 3,151 |
| Social security costs | 247 | 309 |
| Other pension costs | | |
| Defined contribution | 74 | 98 |
| Defined benefit (note 21) | - | - |
| | 3,029 | 3,558 |

The average number of persons employed by the group during the year was 87 (2012 104). Discretionary staff bonuses are recognised in the year in which they are approved.

5. Directors' emoluments

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Aggregate emoluments (excluding pension contributions) | 224 | 223 |
| Aggregate company contributions paid in respect of money purchase schemes | 12 | 12 |

The emoluments excluding pension contributions of the highest paid director were £133,719 (2012 £133,300). Directors' discretionary bonuses are recognised in the year in which they are approved by the Remuneration Committee. There were 2 (2012 2) directors accruing benefits under money purchase schemes.

NOTES TO THE ACCOUNTS

at 31st March 2013

6. Operating exceptional items

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Recognised in arriving at operating surplus | | |
| Re-organisation costs | 73 | 126 |
| Loss on disposal of investments | 1 | - |
| | <u>74</u> | <u>126</u> |

Re-organisation costs relate to redundancy and other similar costs

7. Net finance credit

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Interest on bank overdrafts | (20) | (15) |
| Bank interest receivable | - | 1 |
| Expected return on assets in the pension scheme | | |
| less interest on pension scheme liabilities (note 21) | 41 | 60 |
| | <u>21</u> | <u>46</u> |

8. Taxation

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Tax on surplus on ordinary activities | | |
| Deferred tax (note 14) | | |
| Origination and reversal of timing differences | 36 | 31 |
| Transfer of assets | (5) | - |
| | <u>31</u> | <u>31</u> |

Factors affecting the tax charge for the year

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

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Surplus on ordinary activities before taxation | <u>96</u> | <u>89</u> |
| Surplus on ordinary activities at the standard rate of tax of 20% (2012 20%) | 19 | 18 |
| Effect of | | |
| Disallowed expenses | 27 | 16 |
| Difference between capital allowances and depreciation | (14) | 2 |
| Pension provision | (32) | (36) |
| Current tax charge for the year | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

The company has tax losses of £1,127,050 (2012 £1,127,050) that are available indefinitely for offset against future taxable profits of those activities from which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen from activities that have a marginal future profitability. In addition, the company has capital losses of £122,283 (2012 £122,283) which can offset against future capital gains. Deferred tax assets have not been recognised in respect of these losses as no future capital gains are anticipated.

NOTES TO THE ACCOUNTS

at 31st March 2013

9 Net cash flow from operating activities

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Operating surplus | 75 | 43 |
| Pension contributions | (120) | (120) |
| Depreciation | 59 | 86 |
| Increase in deferred subscriptions provision | 9 | 5 |
| Decrease in other provisions | - | (75) |
| Decrease/(increase) in stocks | 1 | (1) |
| Decrease in debtors | 97 | 623 |
| Decrease in creditors | (171) | (1,159) |
| Net cash outflow from operating activities | (50) | (598) |

10. Tangible fixed assets

| | Long Leasehold Property £000 | Computers & Fixtures £000 | Total £000 |
|---|---------------------------------------|---------------------------------|---------------|
| Group Cost or Valuation | | | |
| At 1 st April 2012 | 2,930 | 2,020 | 4,950 |
| Additions during the year | - | 3 | 3 |
| Fair value adjustment | - | (94) | (94) |
| At 31st March 2013 | 2,930 | 1,929 | 4,859 |
| Group Depreciation | | | |
| At 1 st April 2012 | - | 1,983 | 1,983 |
| Charge for the year | 44 | 15 | 59 |
| Fair value adjustment | - | (91) | (91) |
| At 31st March 2013 | 44 | 1,907 | 1,951 |
| Group Net book value at 31st March 2013 | 2,886 | 22 | 2,908 |
| Group Net book value at 1 st April 2012 | 2,930 | 37 | 2,967 |
| Company Cost or Valuation | | | |
| At 1 st April 2012 | 2,930 | 1,926 | 4,856 |
| Additions during the year | - | 3 | 3 |
| At 31st March 2013 | 2,930 | 1,929 | 4,859 |
| Company Depreciation | | | |
| At 1 st April 2012 | - | 1,893 | 1,893 |
| Charge for the year | 44 | 14 | 58 |
| At 31st March 2013 | 44 | 1,907 | 1,951 |
| Company Net book value at 31st March 2013 | 2,886 | 22 | 2,908 |
| Company Net book value at 1 st April 2012 | 2,930 | 33 | 2,963 |

NOTES TO THE ACCOUNTS

at 31st March 2013

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 Directors estimate that this valuation has not changed materially as at 31st March 2013. The historical cost of long leasehold property included at valuation is as follows

| | Group £000 | Company £000 |
|--------------------------------|---------------|-----------------|
| At 31 st March 2013 | 1,438 | 1,438 |
| At 1 st April 2012 | 1,438 | 1,438 |

A fixed charge over the long leasehold property was granted to the Trustee of the BCCI'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 was the provision of business services on a commercial basis to members and non-members. The company became dormant on 31st March 2013 when its business was transferred to BCCI.
- 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 was the provision of employment services. The company became dormant on 31st March 2013 when its business was transferred to BCCI.
- The Central Chambers of Commerce and Industry Limited - 100 shares of £1 each. The company was dissolved on 8th May 2012.
- Sandwell Chamber of Commerce and Industry Limited - 100 shares of £1 each. The company 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

BCCI 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 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade debtors | 875 | 875 | 875 | 680 |
| Other debtors | 335 | 412 | 335 | 252 |
| Prepayments and accrued income | 41 | 61 | 41 | 53 |
| Amounts owed by group undertakings | - | - | - | 35 |
| | 1,251 | 1,348 | 1,251 | 1,020 |

NOTES TO THE ACCOUNTS

at 31st March 2013

14. Deferred taxation

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

| | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Capital allowances | 103 | 103 | 103 | 93 |
| Pension deficit (note 21) | 226 | 246 | 226 | 246 |
| | 329 | 349 | 329 | 339 |

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

| | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|--------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Accelerated capital allowances | - | 6 | - | - |
| Tax losses | 251 | 250 | 251 | 24 |
| | 251 | 256 | 251 | 24 |

Movement in the deferred tax asset during the year

| | Group £000 | Company £000 |
|---|---------------|-----------------|
| At 1 st April 2012 | 349 | 339 |
| Adjustment in respect of previous years | 9 | 9 |
| Current year | (46) | (44) |
| Transfers | 5 | 13 |
| Other adjustments | 12 | 12 |
| At 31 st March 2013 | 329 | 329 |

15. Analysis of changes in net funds

| | 2011 £000 | Cash flows £000 | 2012 £000 | Cash flows £000 | 2013 £000 |
|--------------------------|--------------|--------------------|--------------|--------------------|--------------|
| Cash at bank and in hand | 391 | (381) | 10 | (2) | 8 |
| Bank overdraft | - | (256) | (256) | (68) | (324) |
| Net funds/(deficit) | 391 | (637) | (246) | (70) | (316) |

16 Creditors: amounts falling due within one year

| | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|---------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank overdrafts | 324 | 256 | 324 | - |
| Trade creditors | 485 | 478 | 485 | 359 |
| Other creditors | 177 | 259 | 180 | 233 |
| Other taxes and social security costs | 284 | 270 | 284 | 217 |
| Amounts owed to group undertakings | - | - | - | 94 |
| | 1,270 | 1,263 | 1,270 | 903 |

NOTES TO THE ACCOUNTS

at 31st March 2013

17. Accruals and deferred income

| | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Accruals and deferred income falling within one year | 541 | 652 | 541 | 636 |
| Deferred Subscriptions Income | 678 | 669 | 678 | 669 |
| | 1,219 | 1,321 | 1,219 | 1,305 |

Deferred Subscriptions Income relates to membership subscriptions received relating to membership periods after 31st March 2013

18. Movement on reserves

| | Revaluation reserve | | Revenue reserve | |
|--|---------------------|-----------------|-----------------|-----------------|
| | Group £000 | Company £000 | Group £000 | Company £000 |
| At 31 st 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 31 st March 2012 | 912 | 912 | (45) | 1,548 |
| Transfer during the year | (22) | (22) | 22 | 22 |
| Pension fund deficit movement net of tax | - | - | (50) | (50) |
| Surplus/(deficit) for the year | - | - | 65 | (1,528) |
| At 31 st March 2013 | 890 | 890 | (8) | (8) |

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

19 Surplus attributable to the parent company

The deficit dealt with in the accounts of the parent company was £1,528,000 (2012 surplus £506,000) The deficit for the year arose as follows

| | 2013 £000 |
|--|----------------|
| Surplus before tax | 269 |
| Deferred tax charge | (31) |
| Actuarial loss net of deferred tax | (50) |
| Loss on transfer of subsidiary undertakings businesses | (1,716) |
| | (1,528) |

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 2013

20. Other financial commitments

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

| | Group 2013 £000 | Group 2012 £000 | Company 2013 £000 | Company 2012 £000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Land and buildings leases expiring | | | | |
| within one year | 4 | 34 | 4 | 30 |
| in two to five years | 6 | 6 | 6 | - |
| Other leases expiring | | | | |
| within one year | 20 | 9 | 20 | 9 |
| in two to five years | 72 | 96 | 72 | 96 |
| | 102 | 145 | 102 | 135 |

21 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 BCCI 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 BCCI 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. BCCI 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 2013 and the principal actuarial assumptions used were:

| | 2013 % p a | 2012 % p a | 2011 % p a |
|---|---------------|---------------|---------------|
| Price inflation (RPI) | 3.00 | 2.80 | 3.30 |
| Price inflation (CPI) | 2.40 | 2.40 | 2.90 |
| Rate of increase in pay | n/a | n/a | n/a |
| Rate of increase of pensions in payment with statutory increases | 2.80 | 2.80 | 3.10 |
| 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) | 3.00 | 2.80 | 2.90 |
| Discount rate | 4.20 | 4.80 | 5.60 |

NOTES TO THE ACCOUNTS

at 31st March 2013

21 Pension commitments (continued)

The assets and liabilities of the defined benefit pension scheme as at 31st March 2013 and the expected long-term rate of return were

| | 2013 Fair value £000 | 2013 Return % p.a | 2012 Fair value £000 | 2012 Return % p.a | 2011 Fair value £000 | 2011 Return % p.a |
|---------------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| Equities | 4,353 | 7.00 | 4,075 | 7.00 | 4,498 | 8.00 |
| Bonds | 5,368 | 5.00 | 4,866 | 5.00 | 4,182 | 5.00 |
| Property | - | - | - | - | - | 7.50 |
| Cash | 39 | 4.50 | 54 | 4.50 | 105 | 4.50 |
| Fair value of fund assets | 9,760 | 5.89 | 8,995 | 5.90 | 8,785 | 6.53 |
| Actuarial value of scheme liabilities | (10,891) | | (10,225) | | (9,200) | |
| Deficit in the scheme | (1,131) | | (1,230) | | (415) | |
| Deferred tax | 226 | | 246 | | 111 | |
| Deficit after tax | (905) | | (984) | | (304) | |

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

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Interest on pension scheme liabilities | 480 | 499 |
| Expected return on assets in the pension scheme | (521) | (559) |
| Net credit to other finance income | (41) | (60) |

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

| | 2013 £000 | 2012 £000 | 2011 £000 |
|-------------------------------------|--------------|--------------|--------------|
| Gain on assets | (590) | (112) | (59) |
| Loss/(gain) on change of assumption | 652 | 1,107 | (513) |
| Total actuarial loss/(gain) | 62 | 995 | (572) |

History of experience gains and losses

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|--------|--------|--------|---------|--------|
| (Gain)/loss on assets (£000's) | (590) | (112) | (59) | (1,327) | 1,840 |
| as a % of scheme assets at the year end | (6.0%) | (1.2%) | (0.7%) | (15.5%) | 25.1% |
| Experience (gain)/loss on liabilities (£000's) | - | - | - | - | (365) |
| as a % of scheme liabilities at the yearend | 0.0% | 0.0% | 0.0% | 0.0% | (4.5%) |
| Loss/(gain) on liabilities (£000 s) | 652 | 1,107 | (513) | 1,690 | (38) |
| as a % of scheme liabilities at the year end | 6.0% | 10.8% | (5.6%) | 17.5% | (0.5%) |

NOTES TO THE ACCOUNTS

at 31st March 2013

21 Pension commitments (continued)

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

| | 2013 £000 | 2012 £000 |
|--|----------------|----------------|
| Deficit in the scheme at the beginning of the year | (1,230) | (415) |
| Contributions paid | 120 | 120 |
| Other finance credit/(charge) | 41 | 60 |
| Actuarial loss | (62) | (995) |
| Deficit in the scheme at the year end | <u>(1,131)</u> | <u>(1,230)</u> |

Changes in the value of scheme liabilities

| | 2013 £000 | 2012 £000 |
|--|---------------|---------------|
| Present value of scheme liabilities at the start of the period | 10,225 | 9,200 |
| Interest cost | 480 | 499 |
| Benefits paid | (466) | (581) |
| Actuarial loss | 652 | 1,107 |
| Present value of scheme liabilities at the end of the period | <u>10,891</u> | <u>10,225</u> |

Changes in the market value of assets

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Market value of assets at the start of the period | 8,995 | 8,785 |
| Expected return on scheme assets | 521 | 559 |
| Employer contributions | 120 | 120 |
| Benefits paid | (466) | (581) |
| Actuarial gain | 590 | 112 |
| Market value of assets at the end of the period | <u>9,760</u> | <u>8,995</u> |

| | 2013 £000 | 2012 £000 |
|--------------------------------|--------------|--------------|
| Actual return on scheme assets | <u>1,111</u> | <u>671</u> |

22. 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 £1,669,000 (2012: £1,560,000) and the Group of Companies had net balances within the group banking arrangement of £(324,000) (2012: £(256,000)). Therefore the company has a contingent liability at the year end date of £1,993,000 (2012: £1,816,000).

23. 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 BCCI

| | 2013 £000 | 2013 £000 | 2012 £000 | 2012 £000 |
|---|-----------------------|------------------------|-----------------------|------------------------|
| Director and Related Party | Value for the year | Balance at year end | Value for the year | Balance at year end |
| G J Lowson – Pinsent Masons | 10 | 10 | - | - |
| S M Topman – British Chambers of Commerce | - | - | 98 | - |

24. Ultimate Controlling Party

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