

Birmingham Chamber of Commerce and Industry

Report and Accounts

31st March 2015

Registered Number 78731



DIRECTORS' REPORT

The Directors present their report and accounts for the company for the year ended 31st March 2015. The accounts have been prepared in accordance with the Companies Act 2006 and related regulation.

Results for the year

The surplus for the year, after taxation, amounted to £225,000 (2014: £211,000) and has been carried to reserves. The surplus was after additional depreciation of £22,000 (2014: £22,000) resulting from the revaluation of long leasehold property (see note 1).

Directors

The Directors as at 31st March 2015 and those who served during the year were as follows:

D J Waller (Chairman)

G J Lowson (President)

P Kehoe (Vice-President) – appointed 14/11/14

J B Blackett (Chief Executive, BCCI) – resigned 3/7/15

M A Hibbert (Chief Finance Officer, BCCI)

R S Jeans (Director of Business Services, BCCI) – appointed 14/11/14

T S D Pile (Co-opted Member)

S T Brittan (Co-opted Member) – resigned 13/11/14

M C Froom (Co-opted Member)

A J N Awan (Co-opted Member)

J B Blackett retired on 3rd July 2015 and P J Faulkner was appointed in his place as Chief Executive. The Directors would like to record their thanks to Mr Blackett for his exceptional contribution to the Chamber during his nine years as Chief Executive.

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 Birmingham Chamber of Commerce and Industry ("BCCI") as part of its professional indemnity insurance arrangements.

Going concern

BCCI's short-term funding requirement can be met within its current bank overdraft facility of £100,000. BCCI's forecasts and projections, taking account of possible changes in trading performance, show that the BCCI 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 was agreed with the BCCI's bankers in 2015 following a review of future borrowing needs in 2014 which resulted in the granting of a £350,000 loan repayable over 7 years.

The Directors also note that the BCCI continues to hold a significant funding deficit on its final salary pension scheme. In 2012 BCCI successfully agreed a funding plan to 2026 with the Scheme Trustee board of £120,000 per annum increasing by 5% per annum. The latest actuarial valuation of the pension scheme as at 30th June 2014 will be finalised before 30th September 2015. Based on the draft results of the valuation, the Directors have agreed with the Scheme Trustee board not to change the existing Schedule of Contributions and the Directors are confident that these contributions can be adequately financed.

After making enquiries, the Directors have reasonable expectation that the company 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.

On behalf of the Board



M A Hibbert

Director

17th July 2015

STRATEGIC REPORT

Business Model

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.

BCCI operates under the name of Greater Birmingham Chambers of Commerce (GBCC) which includes the Birmingham Chamber of Commerce, the British American Business Council, Burton & District Chamber of Commerce, Chase Chamber of Commerce, Future Faces, the Institute of Asian Business, Lichfield & Tamworth Chamber of Commerce and Solihull Chamber of Commerce.

GBCC 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.

Whilst the income we receive from member subscriptions is very important to BCCI, the services which are provided to members are only partly paid for by that income which represents about 20% of our total income. To add to the membership experience, GBCC provides funded business services to its members and customers including 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.

Strategy and objectives

GBCC’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. GBCC’s 3-year business plan has reaffirmed that we are a business services organisation with members at our heart and as such we want to reach all businesses in our area, not just members. Our message to the business community is that the Greater Birmingham Chambers of Commerce can help you start, grow and connect your business.

We believe that a great reputation for delivering relevant services for businesses will also drive up membership numbers. We want to make ourselves irresistible to join. Membership growth is a clear target for this strategy. Positioning GBCC in the wider service delivery space as a strategy to drive membership growth is relevant in the current economic and political climate.

Recognition of the above has led us to the key strategic objective to grow funded activities (particularly business support) and to use the resulting financial and reputational advantages to build our membership. We are therefore working with the Local Enterprise Partnerships to build a business advisory “Growth Hub” service which will complement our offer to members in a structured and determined way to help them find the help they need to develop their businesses. We also continue to provide personal development opportunities for individuals through membership of our Sections such as Future Faces.

The Chamber’s improved financial strength outlined in “Analysis of Performance” below gives BCCI the opportunity to invest in areas of the business which will allow us to achieve our strategic goals and objectives. An investment plan is currently being developed which will make best use of the resources we have for the future benefit of members and businesses in our region.

Principal risks and uncertainties

The main treasury risks faced by BCCI relate to liquidity and the treasury function is managed to maximise its liquidity position. Last year a £350,000 medium term bank loan was arranged with the company’s bankers which improved the liquidity position. BCCI has produced an increasingly strong financial performance over recent years which has also had a positive impact on liquidity. The Cash Flow Statement on page 13 shows that BCCI’s net borrowings including the bank loan decreased from £517,000 to £25,000 during the year. Cash at bank was £275,000 compared to an overdraft of £174,000 at the beginning of the year. Note 8 to the accounts shows that a cash inflow from operating activities of £526,000 was in part due to a £374,000 net increase in working capital, mainly from income in advance and increased accruals. Net interest paid was £23,000 (2014: £26,000).

STRATEGIC REPORT

Principal risks and uncertainties (continued)

In common with many organisations in the UK, BCCI is managing a funding deficit in its Final Salary Pension Scheme. The funding position is accounted for in accordance with Financial Reporting Standard 17 (FRS 17) and the methodology prescribed by the standard produced a deficit at the year-end of £1,074,000 net of deferred tax, an increase of £52,000, as shown in note 20 to the accounts. 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. The disclosures required under the standard therefore do not reflect the long-term nature of the scheme's liabilities and in particular the cash flows required to fund the scheme. Following the last finalised full actuarial valuation of the fund as at 30th June 2011, agreement was reached with the fund's trustee on future funding within an affordable recovery plan. Contributions of £132,000 were paid into the fund during the year and following a draft triennial actuarial valuation at 30th June 2014 BCCI has agreed with the Scheme Trustee to continue the current Schedule of Contributions.

BCCI obtained planning consent in 2006 for the redevelopment of the Chamber of Commerce House site to construct new office space. The consent expires in October 2016. In 2007 our leasehold property was included in the accounts at valuation for the first time, which took that planning consent into account. The change in economic conditions in 2008 made funding unavailable and the scheme was therefore halted, although we are now starting to see an improvement in Birmingham's property market and we are continuing efforts to maximise the value of what is the BCCI's biggest asset. The property was professionally valued at £2,930,000 on a vacant possession basis as at 31st March 2015 as explained in note 9.

Environmental, employee, social and community strategy

BCCI recognises its obligations to Corporate Social Responsibility (CSR) in creating the right culture for its 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:

1. How we look after and work with the communities in which we operate:
 - GBCC's core activities naturally involve it with local communities, both on a social and business basis. BCCI 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 BCCI's President selects a charity to benefit from BCCI's various fund raising activities. Employees are encouraged to support these charitable events.
2. How we protect, consider and improve our impact on the environment:
 - GBCC 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.
3. How we care for our staff, providing good working conditions and opportunities for development:
 - We retained our Investor in People accreditation 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 BCCI and pride in working for GBCC.
 - 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.
4. How we look after our customers, suppliers and all those who come into contact with us as a business:
 - GBCC 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 BCCI undertakes includes the creation of opportunities for work and help for 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.

STRATEGIC REPORT

Environmental, employee, social and community strategy (continued)

- GBCC 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.
- 5. 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.
- 6. 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. The Chamber's President is leading an initiative to make Birmingham famous as the CSR city in the UK. The goal behind this is to make it very easy for companies relocating or setting up a business in Birmingham to get involved with helping the community. There is a desire to align this initiative with the City Council's Business Charter for Social Responsibility. The ambition is to create a unified and strategic CSR programme in a partnership between the public and private sectors which meets the CSR needs of the City with education, employment, social, profile and inward investment benefits.

Analysis of performance

Total income for the year of £6.8 million was 3.6% up on the previous year, mainly as a result of an 8.7% increase in membership & patronage subscriptions and a 6.0% increase in public funding for business support activities. An analysis of income is set out in note 2.

BCCI's Operating Surplus for 2014/15 was £236,000 compared to £166,000 for 2013/14 and £75,000 for 2012/13. The Surplus before tax benefited from a Net Finance Credit of £43,000 (2014: £91,000), arising mainly from a credit of £66,000 from the expected return on assets in the pension scheme less interest on pension scheme liabilities. However this element of the Net Finance Credit, which is calculated in accordance with FRS 17 and is largely outside of our control, was significantly less than the £117,000 credit in 2013/14.

The Statement of Total Recognised Gains and Losses on page 11 shows that the substantial surplus for the year of £225,000 was reduced by a net actuarial loss from the pension fund of £220,000. The net pension liability in BCCI's balance sheet on page 12 of £1,074,000 has reduced the revenue reserves to a negative £50,000. However total reserves increased by £137,000 to £928,000 due mainly to a surplus on revaluation of property of £132,000 (see note 9).

The Board is pleased that, after a number of operationally difficult years, BCCI has returned to an adequate and sustainable level of surplus. Whilst being a not-for-profit organisation, BCCI does not receive any direct public funding and has to make surpluses to generate cash flow and maintain its working capital. The operating surpluses over the last few years have resulted from improved results in a number of areas and from a much reduced cost base following several years of reorganisation. The resulting leaner organisation is now well placed to develop future opportunities through its investment plan referred to above.

The reorganisation in which BCCI has invested has also had the effect of de-risking the business going forward, leaving us less dependent on any particular aspect of the business. The Board is consequently able to set out its business plan with a greater degree of confidence that it is both robust and achievable.

Key Performance Indicators

Membership is a key performance indicator (KPI) for BCCI. At 1st April 2014 the total GBCC membership was 2,413. At 31st March 2015 the total had fallen by only 11 to 2,402. This 0.5% decrease compares well to a 2.0% decrease in 2013/14 but less favourably to a national chambers' membership increase of 1.5%. However, this shows that our ambition to grow membership numbers in 2015/16 is realistic and a President's Committee was formed in 2014 to review the membership offer with an objective to grow business engagement with the Chamber in the future.

STRATEGIC REPORT

Key Performance Indicators (continued)

Other KPI's are identified each year as part of the business planning process. BCCI's senior management team monitor the KPI's at least monthly and they are reported to the Board at each meeting. The KPI's act as an early warning on performance issues and allow BCCI's management to take timely corrective actions when necessary. During 2014/15 KPI's were devised and monitored to help manage activities in the Membership, International and Business Venture areas.

On behalf of the Board



M A Hibbert

Director

17th July 2015

CORPORATE GOVERNANCE

Following a review of BCCI's corporate governance, improvements have been recently incorporated into the Articles of Association in response to the change in size and operation of the company. BCCI's Board believes that the revisions ensure that the corporate governance 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 GBCC area.

The Board is responsible for establishing and maintaining BCCI's system of internal financial control. Internal control systems are designed to meet the particular needs of the company 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 company 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 company 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 operates as a sub-set of the Board which formally deals with such duties as:

- monitoring the integrity of the company's financial statements and reviewing significant financial reporting judgements contained in them;
- approving the company's annual audited statutory accounts;
- reviewing the company's internal financial control system and its risk management systems;
- monitoring the independence, objectivity and effectiveness of the external auditor and approving their terms of engagement and remuneration;
- 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.

The Board satisfies itself that at least one member of the Board has sufficiently recent and relevant financial experience to be chairman of the Audit Committee function.

- **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 Company'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 Directors Report, the Strategic 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 profit or loss of the Company 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 accounting 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2015 which comprise the Income and Expenditure Account, the Note of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 22. 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 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31st March 2015 and of the 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 Strategic Report and 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



*Christopher Voogd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
17th July 2015*

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.

INCOME & EXPENDITURE ACCOUNT
for the year ended 31st March 2015

		2015 £000	2014 £000
	Note		
Income	2	6,824	6,589
Expenditure			
Administrative expenses		(6,588)	(6,423)
Operating surplus	3	236	166
Net finance credit	6	43	91
Surplus on ordinary activities before tax		279	257
Tax on surplus on ordinary activities	7	(54)	(46)
Surplus for the year	18	225	211

The results relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2015

		2015 £000	2014 £000
	Note		
Surplus for the year		225	211
Surplus on revaluation of property	9	132	-
Actuarial loss	20	(275)	(377)
Deferred tax on the actuarial loss	20	55	75
Total recognised gains/(losses) relating to the year		137	(91)

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31st March 2015

	2015 £000	2014 £000
Reported surplus on ordinary activities before tax	279	257
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	22	22
Historical cost surplus on ordinary activities before tax	301	279
Historical cost surplus for the year after tax	247	233

BALANCE SHEETS

at 31st March 2015

		2015	2014
		£000	£000
	Note		
Fixed assets			
Tangible assets	9	2,961	2,855
Investments:			
Subsidiary undertakings	10	-	-
		2,961	2,855
Current assets			
Stocks		5	5
Debtors	12	980	1,051
Deferred taxation	13	91	106
Cash at bank and in hand	14	283	7
		1,359	1,169
Creditors: amounts falling due within one year	15	892	938
Net current assets		467	231
Total assets less current liabilities		3,428	3,086
Creditors: amounts falling due after more than one year			
Bank Loan	16	263	308
Accruals and deferred income	17	1,163	975
Net assets excluding pension liability		2,002	1,803
Net pension liability	20	1,074	1,012
Net assets including pension liability		928	791
Represented by:			
Revenue reserves	18	(50)	(77)
Revaluation reserve	18	978	868
		928	791

The accounts have been prepared in accordance with the Companies Act 2006 and related regulation. The accounts were approved by the Board on 17th July 2015.

Signed on behalf of the Board:



M A Hibbert
Director
17th July 2015
(Company Number 78731)

CASH FLOW STATEMENT
for the year ended 31st March 2015

	Note	2015 £000	2014 £000
Net cash inflow/(outflow) from operating activities	8	526	(171)
Returns on investments and servicing of finance			
Interest received		-	1
Interest paid		(23)	(27)
Net cash outflow from returns on investments and servicing of finance		(23)	(26)
UK Corporation Tax paid		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(11)	(4)
Net cash outflow from capital expenditure and financial investment		(11)	(4)
Financing			
Proceeds from new bank loan		-	350
Repayment of bank loan		(42)	-
Increase in cash in the year		450	149
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		450	149
Cash inflow from new bank loan		-	(350)
Cash outflow from bank loan repayments		42	-
Net funds at beginning of the year		(517)	(316)
Net funds at end of the year	14	(25)	(517)

NOTES TO THE ACCOUNTS

at 31st March 2015

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 Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report on pages 2 to 6.

BCCI's short-term funding requirement can be met within its current bank overdraft facility of £100,000. BCCI's forecasts and projections, taking account of possible changes in trading performance, show that the BCCI 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 was agreed with the BCCI's bankers in 2015 following a review of future borrowing needs in 2014 which resulted in the granting of a £350,000 loan repayable over 7 years.

The Directors also note that the BCCI continues to hold a significant funding deficit on its final salary pension scheme. In 2012 BCCI successfully agreed a funding plan to 2026 with the Scheme Trustee board of £120,000 per annum increasing by 5% per annum. The latest actuarial valuation of the pension scheme as at 30th June 2014 will be finalised before 30th September 2015. Based on the draft results of the valuation, the Directors have agreed with the Scheme Trustee board not to change the existing Schedule of Contributions and the Directors are confident that these contributions can be adequately financed.

After making enquiries, the Directors have reasonable expectation that the company 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.

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 consist of office supplies and 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 Company 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 professionally revalued as at 31st March 2015, with the revaluation surplus being taken to the revaluation reserve.

Investments in joint venture partnerships

Interests in joint venture partnerships are accounted for as an investment at cost. Any distributions received from joint venture partnerships are accounted for on a cash basis.

NOTES TO THE ACCOUNTS

at 31st March 2015

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 when events or changes in circumstances indicate the carrying value may not be recoverable.

Pensions

The Company 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 to 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 2015

2. Income

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

	2015 £000	2014 £000
Membership & Patrons	1,365	1,256
Public Funded Activity	1,332	1,257
General Services	3,730	3,702
Rental Income	397	374
	6,824	6,589

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:

	2015 £000	2014 £000
Staff costs (note 4)	2,874	2,833
Severance costs	11	74
Auditors' remuneration – audit services	23	21
Auditors' remuneration – taxation services	8	7
Depreciation	51	57
Operating lease rentals – plant and machinery	49	78
– land and buildings	18	35

4. Staff costs

	2015 £000	2014 £000
Salaries and wages	2,555	2,539
Social security costs	251	231
Other pension costs:		
Defined contribution	68	63
Defined benefit (note 20)	-	-
	2,874	2,833

The average number of persons employed by the Company during the year was 77 (2014: 83).

5. Directors' emoluments

	2015 £000	2014 £000
Aggregate emoluments (excluding pension contributions)	309	266
Aggregate company contributions paid in respect of money purchase schemes	7	12

Emoluments were paid to 3 (2014: 2) directors during the year. The emoluments, excluding pension contributions, of the highest paid director were £166,221 (2014: £154,126). There were 2 (2014: 2) directors accruing benefits under money purchase pension schemes.

NOTES TO THE ACCOUNTS

at 31st March 2015

6. Net finance credit

	2015 £000	2014 £000
Interest on bank overdrafts	(3)	(27)
Interest on bank loans	(18)	-
Bank interest receivable	-	1
Interest on other loans	(2)	--
Expected return on assets in the pension scheme		
less interest on pension scheme liabilities (note 20)	66	117
	<u>43</u>	<u>91</u>

7. Taxation

	2015 £000	2014 £000
Tax on surplus on ordinary activities:		
Deferred tax (note 13):		
Origination and reversal of timing differences	54	46

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:

	2015 £000	2014 £000
Surplus on ordinary activities before taxation	<u>279</u>	<u>257</u>
Surplus on ordinary activities at the standard rate of tax of 20% (2014: 20%)	56	51
Effect of:		
Disallowed expenses	6	13
Difference between capital allowances and depreciation	(16)	(13)
Utilisation of brought forward tax losses	(6)	(2)
Pension provision	(40)	(49)
Current tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges:

The company has tax losses of £1,080,041 (2014: £1,112,874) 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 (2014: £122,283) which can be 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 2015

8. Net cash flow from operating activities

	2015 £000	2014 £000
Operating surplus	236	166
Pension contributions	(132)	(126)
Depreciation	51	57
(Decrease)/increase in deferred subscriptions provision	(3)	85
Decrease in stocks	-	1
Decrease in debtors	71	199
Increase/(decrease) in creditors	303	(553)
Net cash inflow/(outflow) from operating activities	<u>526</u>	<u>(171)</u>

9. Tangible fixed assets

	Long Leasehold Property £000	Computers & Fixtures £000	Total £000
Cost or Valuation			
At 1 st April 2014	2,930	1,933	4,863
Additions during the year	-	25	25
At 31st March 2015	2,930	1,958	4,888
Depreciation			
At 1 st April 2014	88	1,920	2,008
Charge for the year	44	7	51
Written back on revaluation	(132)	-	(132)
At 31st March 2015	-	1,927	1,927
Net book value at 31st March 2015	2,930	31	2,961
Net book value at 1 st April 2014	2,842	13	2,855

The long leasehold property was valued at £2,930,000 by Jones Lang LaSalle Limited as at 31st March 2015 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:

	£000
At 31st March 2015	1,438
At 1 st April 2014	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.

10. Subsidiary undertakings

BCCI holds the whole of the issued share capital in the Birmingham C.O.C. Pension Fund Trustee Company Limited being 100 shares of 5p each. The company acts as the trustee of the group's staff pension scheme and was dormant throughout the year.

BCCI was the sole member of Skills4Auto, a company limited by guarantee which was dormant throughout the year until it was dissolved on 16th September 2014.

NOTES TO THE ACCOUNTS

at 31st March 2015

11. Other investments

At 31st March 2015 BCCI owned one £1 B Share in National Exhibition Centre Limited, which is registered in England and Wales. The company acted as the non-profit making managing agent for the National Exhibition Centre (NEC), the assets of which were owned by Birmingham City Council (BCC). On 1st May 2015 the NEC was sold including the disposal of BCCI's one B share for consideration at par.

BCCI is a member of West Midlands Chambers of Commerce LLP (WMCC) which owns a subsidiary partnership West Midlands International Trade LLP (WMIT). WMIT delivers international trade services to companies in the region under a contract with UK Trade & Investment. WMCC's group reserves at 31st March 2015 were £430,000 (2014: £318,000) of which BCCI's share was £64,000 (2014: £49,000). BCCI has accounted for its interest in this entity as an investment at nil cost. Any future distributions will be accounted for on a cash basis.

12. Debtors

	2015 £000	2014 £000
Trade debtors	720	733
Other debtors	208	270
Prepayments and accrued income	52	48
	<u>980</u>	<u>1,051</u>

13. Deferred taxation

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

	2015 £000	2014 £000
Capital allowances	88	104
Other timing differences	3	2
	<u>91</u>	<u>106</u>
Pension deficit (note 20)	268	253
	<u>359</u>	<u>359</u>

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

	2015 £000	2014 £000
Tax losses	<u>240</u>	<u>247</u>

Movement in the deferred tax asset during the year:

	£000
At 1 st April 2014	359
Adjustment in respect of previous years	(2)
Current year	57
Other adjustments	(55)
At 31 st March 2015	<u>359</u>

NOTES TO THE ACCOUNTS

at 31st March 2015

14. Analysis of changes in net funds

	2013 £000	Cash flows £000	2014 £000	Cash flows £000	2015 £000
Cash at bank and in hand	8	(1)	7	1	8
Bank (overdraft)/balance	(324)	150	(174)	449	275
	(316)	149	(167)	450	283
Bank loan	-	(350)	(350)	42	(308)
Net deficit	(316)	(201)	(517)	492	(25)

15. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Current instalments due on loans	45	42
Bank overdrafts	-	174
Lease obligations	14	-
Trade creditors	378	229
Other creditors	157	190
Other taxes and social security costs	298	303
	<u>892</u>	<u>938</u>

The bank overdraft is secured by a fixed and floating charge over certain of the company's assets.

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

Bank loans repayable included within creditors are analysed as follows:

	2015 £000	2014 £000
Not wholly repayable within five years:		
Instalments payable within one year	45	42
Instalments payable after more than one year	263	308
	<u>308</u>	<u>350</u>

The loan is secured by a fixed and floating charge over certain of the company's assets. The loan is repayable by equal monthly instalments over a 7-year period to March 2021 at an interest rate of 5% above the National Westminster Bank Plc base rate.

17. Accruals and deferred income

	2015 £000	2014 £000
Accruals and deferred income	403	212
Deferred Subscriptions Income	760	763
	<u>1,163</u>	<u>975</u>

Deferred Subscriptions Income relates to membership subscriptions received relating to membership periods after 31st March 2015.

NOTES TO THE ACCOUNTS
at 31st March 2015

18. Movement on reserves

	Revaluation reserve £000	Revenue reserve £000
At 31 st March 2013	890	(8)
Transfer during the year	(22)	22
Pension fund actuarial loss net of tax	-	(302)
Surplus for the year	-	211
At 31 st March 2014	868	(77)
Transfer during the year	(22)	22
Surplus on revaluation	132	-
Pension fund actuarial loss net of tax	-	(220)
Surplus for the year	-	225
At 31 st March 2015	<u>978</u>	<u>(50)</u>

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

19. Other financial commitments

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

	2015 £000	2014 £000
Land and buildings leases expiring:		
within one year	5	5
in two to five years	-	-
Other leases expiring:		
within one year	34	29
in two to five years	8	8
	<u>47</u>	<u>42</u>

20. Pension commitments

BCCI 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 DBPS 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 scheme. The agreement was conditional upon consent 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 2022. BCCI also meets the Fund's expenses. The Recovery Plan has been approved by the Pensions Regulator.

The Company 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.

NOTES TO THE ACCOUNTS

at 31st March 2015

20. Pension commitments (continued)

A full actuarial valuation of the defined benefit pension scheme was carried out as at 30th June 2014. An updated actuarial valuation of the liabilities was obtained as at 31st March 2015 and the principal actuarial assumptions used were:

	2015 % p.a.	2014 % p.a.	2013 % p.a.
Price inflation (RPI)	2.90	3.30	3.00
Price inflation (CPI)	1.90	2.70	2.40
Rate of increase in pay	n/a	n/a	n/a
Rate of increase of pensions in payment with statutory increases	2.90	3.20	3.00
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)	2.90	3.30	3.00
Discount rate	3.10	4.40	4.20

The assets and liabilities of the defined benefit pension scheme as at 31st March 2015 and the expected long-term rate of return were:

	2015 Fair value £000	2015 Return % p.a.	2014 Fair value £000	2014 Return % p.a.	2013 Fair value £000	2013 Return % p.a.
Equities	4,946	n/a	4,434	7.00	4,353	7.00
Bonds	5,740	n/a	5,209	4.50	5,368	5.00
Property	-	n/a	-	-	-	-
Cash	38	n/a	39	4.00	39	4.50
Fair value of fund assets	10,724	n/a	9,682	5.64	9,760	5.89
Actuarial value of scheme liabilities	(12,066)		(10,947)		(10,891)	
Deficit in the scheme	(1,342)		(1,265)		(1,131)	
Deferred tax	268		253		226	
Deficit after tax	(1,074)		(1,012)		(905)	

Analysis of amount credited to other finance income:

	2015 £000	2014 £000
Interest on pension scheme liabilities	470	446
Expected return on assets in the pension scheme	(536)	(563)
Net credit to other finance income	(66)	(117)

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

	2015 £000	2014 £000	2013 £000
(Gain)/loss on assets	(883)	231	(590)
Experience gain on liabilities	(184)	-	-
Loss on change of assumption	1,342	146	652
Total actuarial loss	275	377	62

NOTES TO THE ACCOUNTS
at 31st March 2015

20. Pension commitments (continued)

History of experience gains and losses:

	2015	2014	2013	2012	2011
(Gain)/loss on assets (£000's)	(883)	231	(590)	(112)	(59)
as a % of scheme assets at the year end	(8.2%)	2.4%	(6.0%)	(1.2%)	(0.7%)
Experience gain on liabilities (£000's)	(184)	-	-	-	-
as a % of scheme liabilities at the yearend	(1.5%)	0.0%	0.0%	0.0%	0.0%
Loss/(gain) on liabilities (£000's)	1,342	146	652	1,107	(513)
as a % of scheme liabilities at the year end	9.6%	1.3%	6.0%	10.8%	(5.6%)

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

	2015 £000	2014 £000
Deficit in the scheme at the beginning of the year	(1,265)	(1,131)
Contributions paid	132	126
Other finance credit	66	117
Actuarial loss	(275)	(377)
Deficit in the scheme at the year end	(1,342)	(1,265)

Changes in the value of scheme liabilities:

	2015 £000	2014 £000
Present value of scheme liabilities at the start of the period	10,947	10,891
Interest cost	470	446
Benefits paid	(509)	(536)
Actuarial loss	1,158	146
Present value of scheme liabilities at the end of the period	12,066	10,947

Changes in the market value of assets:

	2015 £000	2014 £000
Market value of assets at the start of the period	9,682	9,760
Expected return on scheme assets	536	563
Employer contributions	132	126
Benefits paid	(509)	(536)
Actuarial gain/(loss)	883	(231)
Market value of assets at the end of the period	10,724	9,682

	2015 £000	2014 £000
Actual return on scheme assets	1,419	332

NOTES TO THE ACCOUNTS

at 31st March 2015

21. Transactions with Related Parties

During the year BCCI made sales in the normal course of business and at normal market price to the following companies which had certain directors or partners who were also directors of BCCI:

	2015 £000	2015 £000	2014 £000	2014 £000
Director and Related Party:	Sales	Balance at year end	Sales	Balance at year end
AJN Awan – Awan Marketing	2	0	-	-
ST Brittan – BSA Machine Tools Limited	1	1	-	-
M Froom – KPMG LLP	18	0	59	37
P Kehoe – Birmingham Airport	30	0	-	-
G J Lowson – Pinsent Masons	15	0	15	0
TSD Pile – Cogent Elliot	2	1	-	-
DJ Waller - Nexus	2	1	-	-

22. Ultimate Controlling Party

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