Birmingham Chamber of Commerce and Industry

Report and Accounts

31st March 2008

Registered Number 78731

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OPERATING AND FINANCIAL REVIEW

Our Business and Strategy

The Birmingham Chamber of Commerce & Industry (BCI) group includes Birmingham Chamber Training Limited, BDG Direct Limited (BDG) and Skills4Auto Limited, all wholly owned subsidiary undertakings BCI also includes the Solihull Chamber of Commerce and the Institute of Asian Business Skills4Auto Limited, a company limited by guarantee, was acquired by the Chamber during the year

The Chamber's mission is "Building a better and brighter Birmingham by creating a great environment in which to start and run a business" In order to deliver the Mission, the Chamber's vision is to be

- the leading Chamber in the UK for international business,
- the natural membership choice of businesses in the sub-region, and
- the voice of local business

BCI is primarily a membership based organisation and as such has the function of

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

However, the core services which are provided to members are only partly paid for by membership subscription income, which represented only 4% of total income for the year To enable the enhancement of member services, the Chamber operates other elements of its business on a commercial basis Business services provided by the Chamber to its members and customers include international trade services, business start-up assistance & advice, conference & meeting facilities, export documentation services and translations services

The Small Business Service (SBS) contract operated by the Chamber under the Business Link brand for the Birmingham & Solihull sub-region ceased on 31st March 2007 The Chamber continued to manage funded regeneration and regional projects during 2007/08, including Accelerate which supports the automotive supply chain Following the transfer of responsibility for Business Link to Advantage West Midlands, provision of small business services was regionalised with effect from 1st April 2007 under the management of West Midlands Brokerage Services Limited (WMBS) The Chamber held 20% of the issued share capital of WMBS until 28th March 2008

Operating the SBS contract occupied a large proportion of the Chamber's resources and as a result of its cessation BCI went through a transitional process in 2007/08 which is still continuing Coping with the reduction in staffing from an average 176 to 122 was a major challenge, as was the development of a new business strategy with a shift in focus towards non-funded commercial activity

The Chamber's business strategy going forward will be

- maintaining membership at the heart of our business,
- retaining and developing our staff,
- keeping our Policy & Representation relevant to our membership with greater input from the Chamber's Council,
- focussing on low risk business services,
- growing our Publicly Funded Activity in recognition of the strength and experience the Chamber now has in this area,
- maximising our International Trade activities by more clearly leveraging the unique reputation and strengths we have developed,
- efficiently utilising our property assets until the time is right to proceed with redevelopment of the Chamber of Commerce House site

Our Financial Performance and Development

The Group's income for the year was £18 8 million, a £1 4m (8%) increase on continuing operations in the previous year The increase arose from European and Government funding received to support regeneration and enterprise services to businesses in the sub-region and from Job Centre Plus funded training Income in the previous year relating to the Business Link contract which had discontinued on 31st March 2007 totalled £11 1 million

Managing Regional Projects involved allocating funding to the value of £7 8 million (2006/07 £10 9 million) to provide subsidised assistance to SMEs on a non-profit basis Income from other non-funded general business services totalled £4 2 million (2006/07 £4 1 million)

The Group's operating profitability was break-even with a group operating deficit for the year of £3,000 compared to £361,000 on continuing operations in 2006/07 The group operating deficit is after charging additional depreciation of £120,000 (2006/07 £109,000) on the revalued amount of leasehold property Leasehold property was included in the accounts at valuation for the first time as at 31st March 2007 to reflect the increase in its market value following the securing of planning consent for redevelopment An interim valuation was carried out at 31st March 2008 to recognise recent falls in market values Movements in property values are shown in a Revaluation Reserve and will be released to Revenue Reserves over the life of the property to offset the effect of the increased depreciation Without the additional depreciation charge the group operating surplus was £117,000 (2006/07 £63,000)

The Chamber benefited during the year from two operating exceptional items which made a significant improvement in the operating deficit These items totalled £593,000 and as shown in note 6 to the accounts related to

- the amortisation of negative goodwill arising from the acquisition of Skills4Auto Ltd on 30th September 2007,
- a curtailment adjustment arising from the cessation of future service benefit accrual in the Defined Benefit Pension Fund from 1st September 2007

OPERATING AND FINANCIAL REVIEW (continued)

Membership is a key performance indicator for the Chamber At 31st March 2008 the total number of Chamber members was 3,188 (a decrease over the year of 5%) and subscription income decreased by 3 4% from £832,000 in 2006/07 to £804,000 This mirrored to a lesser extent a general trend of reducing membership experienced by many Chambers of Commerce in the UK The reduction in membership numbers was also partly due to the discontinuance of a discounted subscription scheme which is to be replaced by a new offer to business start-ups in 2008/09 However, on the positive side, member retention is now showing signs of improvement

Achievement of outputs required under funded contracts was also a critical performance target As in previous years, BCI has performed very well in achieving these targets

Factors affecting Future Performance

In common with many organisations in the UK, BCI is managing an actuarial funding deficit in its Defined Benefit Pension Scheme The deficit is accounted for in the Chamber's balance sheet under FRS17 (as explained below) and the methodology prescribed by the standard showed a surplus at the year end of £466,000 net of deferred tax (2007 deficit £201,000) It is uncertain how this will affect the Chamber's finances in future years as the liability depends largely on factors that are outside BCI's control, being principally long-term investment returns and mortality rates However, agreement has been reached with the fund's trustee and members on future and contingent funding, as a result of which members' future service benefit accrual in the scheme ceased on 31st August 2007 The members have the option to join the Chamber's defined contribution scheme The next actuarial valuation of the fund will be made as at 30th June 2008

Four years ago the Chamber announced its intention to redevelop the Chamber of Commerce House site and conditional planning consent was received in September 2004 to construct new buildings containing Grade-A office space The preliminary conditions of the planning consent were satisfied by December 2006 This is a highly complex project which presents both a great opportunity and a considerable risk for the Chamber The development will be separately funded and will not draw on reserves generated by past membership activity

Critical Accounting Policies

The Chamber's group accounts are prepared in accordance with UK Generally Accepted Accounting Principles which require the adoption of accounting policies most appropriate to BCI's circumstances for the accounts to give a true and fair view In preparing the accounts, BCI's directors are required to make estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities Actual outcomes could differ from the estimates and assumptions used

BCI adopted FRS17 "Retirement Benefits" in full in 2005/06 This accounting policy has continued to be applied consistently in 2007/08

Leasehold property was included in the accounts at valuation for the first time as at 31st March 2007 As a result of the change in property market conditions during the year, an interim valuation has been obtained and is reflected in the accounts as at 31st March 2008

The accounts have been prepared using accounting policies consistent with those used in the preparation of the previous year's accounts The directors believe that the critical accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the accounts are in relation to revenue recognition, fixed assets, pensions, and provisions for costs

The Financial Position of the Chamber

The Chamber is a company limited by guarantee and therefore does not have share capital As a "Section 30" company, any surpluses generated by BCI cannot be distributed and have to be re-invested in the provision of business services for the benefit of members and customers Reserves generated from SBS funding will be applied to the cost of completing the closure of the Business Link operation, subsequent reorganisation and provision of services to businesses in the sub-region, subject to final agreement with AWM

The main treasury risks faced by the Chamber relate to interest rates and liquidity BCI manages its treasury function on a daily basis to maximise these positions without engaging in speculative activity During the year, net interest received was £68,000 (2006/07 £48,000) and investment income was £104,000 (2006/07 £15,000) The market value of listed investments at 31st March 2008 was £328,000 (2007 £423,000)

The Chamber's year end cash position was a positive £672,000 (2007 £97,000 overdrawn) Loans were reduced during the year from £1,386,000 to £1,278,000 Net funds therefore improved by £877,000 during the year Confirmation has been received that repayment of any of the unsecured interest free loan of £1,250,000 will not be demanded before 16th October 2009

The directors are satisfied that the company has adequate financial resources to meet its operational needs for the foreseeable future and, accordingly, the going concern basis has been adopted in preparing these accounts

CORPORATE SOCIAL RESPONSIBILITY

Understanding how we impact our stakeholders and the communities in which we operate and then applying this knowledge in a responsible way to create a strong and successful business is essential to the Chamber's future It enables us to add value to all of our stakeholders, ranging from members to employees, suppliers, local community partners and society in general It does this by giving us a different and broader view of business issues, prompting us to consider ethical and sustainability issues and to understand our network more effectively to the benefit of all our stakeholders Corporate Social Responsibility (CSR) is about creating the right culture for our business

In common with many organisations operating CSR best-practice, the Chamber uses a simple model to divide our approach to CSR into seven main segments

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

The Chamber's core activities naturally involve it with local communities, both on a social and business basis At a high level, the Chamber is represented amongst others on the boards of Be Birmingham and the City Region Group At an operational level, the Chamber's Public Programme teams deliver around £10m of public funded support each year with the aim of creating and safeguarding jobs in the most vulnerable industries and communities around the region Here are a couple of examples

- Accelerate A 7 year programme helping the automotive supply chain to improve performance, safeguard and create jobs The closure of the MG Rover and Peugeot plants resulted in the loss of about 10,000 direct jobs plus many more in the supply chain Due to concerted support from Accelerate, the Rover Task Force and other regional support agencies only about 100 ex-MGR employees are still unemployed
- REALiSE This Social Enterprise support programme uses clustering to enable the participating organisations to improve their services and offer a more complete solution to their customer A social enterprise has a primary social aim where the core of their businesses is to help those disadvantaged by disability, location, gender, race and age

We know that many of our staff undertake voluntary work and are members of community organisations A review is currently being carried out to assess the current extent of the Chamber staff's work in the community, following which we will decide how the Chamber can further encourage and facilitate such activities In the meantime, the following initiatives are taking place

- BCI has a formal policy of releasing staff with pay to undertake appropriate voluntary work within the community
- The Chamber's current President launched "The 1% Challenge" in 2008, inviting businesses and their staff to allocate 1% of their time to activities that will benefit and develop Birmingham as a whole We hope that the 1% Challenge will help to develop the business and civic leaders of the future, ensure that business contributes to community and civic development, and create opportunities for the personal development of individuals within Birmingham's business community BCI's staff have been given two working days per year that can be dedicated to involvement in an external activity of their choice
- Each year the Chamber's President selects a charity to benefit from the Chamber's various fund raising activities Employees are encouraged to organise teams to support these charitable events

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

The Chamber recognises that its day-to-day operations and activities have an effect on the environment Where possible, we have introduced measures such as recycling paper and purchasing consumables from environmentally-responsible sources to improve and protect the environment BCI aims to identify, monitor and reduce any negative impact the Company may have on the environment through a process of continuous improvement and assessment of our day-to-day business operations We continually seek new ways of purchasing and disposing of equipment in the most environmentally-friendly manner possible Employees are encouraged to support the Company in its endeavours

BCI is a signatory to the Birmingham Sustainable Procurement Compact which has been drawn up in the context of national policy including the UK Government Sustainable Procurement Action Plan 2007 By signing up to this compact BCI has committed itself to staff training in sustainable procurement, the preparation of high-level endorsement of a procurement policy, identification of priorities for greater sustainability, and the establishment of a basic approach to measuring performance in these areas

Other environmental initiatives taken by the Chamber include

- An energy review has been carried out by the Carbon Trust on Chamber of Commerce House
- The usage of lifts in Chamber of Commerce House has been changed to reduce energy consumption
- Energy-saving light bulbs are used where possible Fluorescent light tubes are disposed of via a recycling company
- The usage of printers has been consolidated to reduce the number of waste cartridges, which are recycled via Action Aid
- Where possible, redundant computer equipment is donated to charities working in the educational sector
- The Chamber takes part in the Travelwise scheme, whereby staff can obtain annual travel passes at a reduced rate for use on West Midlands buses and trains
- Non-confidential waste paper is collected and recycled by Brumcan, a social enterprise employing individuals

CORPORATE SOCIAL RESPONSIBILITY (continued)

with learning disabilities For the year ended 31st March 2008, 7 5 tonnes of paper were recycled

- Confidential waste is also recycled after shredding Shredding is undertaken on-site on an annual basis to remove archive material
- An initiative has been put in place to reduce the number of disposable plastic cups used by staff
- Mains-fed water dispensers have been introduced to replace bottled water dispensers
- Glass from our Conference and Catering business is recycled by our catering contractor, which has its own environmental policy

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

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

- We retained our Investor in People accreditation in 2008, 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
- A Staff Focus Group provides a formal process which allows staff to bring workplace issues to management's attention
- BCI 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

Through its commitment to the Birmingham Sustainable Procurement Compact, the Chamber will re-assess its tendering processes and contracts to provide opportunities to small businesses and social enterprises, creating opportunities for work and helping deprived communities We will work with suppliers and contractors to encourage them to develop their own sustainable practices

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

BCI is also a British Chambers of Commerce Accredited Chamber This sets the standards for Chambers in terms of their core business competencies such as governance and finance and their core services such as membership and policy and representation In some of these fields BCI has been judged in the past to be an "exemplar"

How we operate an ethical approach to our work

BCI maintains the expectation that all staff act according to the highest professional standards of conduct These standards are included in many of our formal policies and procedures including those recorded and audited under our ISO 9001, IIP and BCC accreditations How staff go about their work is evaluated as part of everyone's bi-annual Performance Improvement Reviews

How we influence the behaviour of our members

Perhaps the largest impact the Chamber can have on CSR is not through its own business but by influencing the behaviour of its members BCI has been focusing on opportunities to highlight the CSR activities that small businesses are already engaged in The Chamber network is at the forefront of moves to promote the advantages of CSR to small businesses through our involvement with the Government's CSR Academy BCI is therefore well placed to facilitate the understanding and knowledge of SMEs around CSR Actions by the Chamber have been

- BCI believes that legislative CSR requirements would place additional administrative burdens on businesses that would reduce both the time and resources that could be used to expand and develop CSR activities BCI monitors Government developments both nationally and in the EU to ensure that SMEs are able to develop their CSR activities free of additional regulatory burdens
- The need to address CSR issues for SMEs was highlighted at BCI's Council meeting in October 2006
- The Chamber's Policy Working Group has debated the importance of CSR to business BCI continues to raise awareness of the level of CSR activities already undertaken by a large number of small businesses
- CSR developments can be illustrated on three different levels local, national and European BCI continues to monitor legislation at all levels to ensure that the right business environment is created for SMEs to continue and develop CSR good practice
- In 2002 Birmingham City Council launched Better Together, a business charter for social responsibility which aimed to promote three themes - the social, economic and environmental well-being of the city Businesses of all shapes and sizes are encouraged to sign up to the charter and commit themselves to making a difference in their communities and are provided with helpdesk support to share best practice and broker partnerships between business and the community Over 250 businesses around Birmingham have joined so far and BCI is a lead business organisation taking forward the local authority initiative with the City Council BCI continues to promote and monitor its development for business interests in Birmingham

CORPORATE SOCIAL RESPONSIBILITY (continued)

- BCI commissioned Aston Business School to examine SMEs approach to CSR in September 2006 The research focused on SMEs knowledge and practices of CSR and identified the main drivers of CSR activity in SMEs This work will inform BCI's policy positions moving forward

How we contribute to CSR at a National level

BCI contributes to CSR at a National level through its membership of the British Chambers of Commerce (BCC) The CSR Academy is a Government resource for organisations of any size and sector wanting to develop their CSR skills It offers resources focussed on integrating CSR into day-to-day business practice The CSR Academy has developed the first CSR Competency Framework, a template designed to help managers integrate CSR within their organisation In addition it is a source of information for CSR training and development opportunities within the UK Since its establishment in 2004, the CSR Academy has been supported by the BCC and continues to play a major role in coordinating CSR business activities across the UK in both SMEs and larger businesses

Other CSR national level activities by the BCC have included

- forwarding Chambers to pilot a new Business in the Community business adviser training module on CSR,
- establishing a Chamber CSR network as a forum for Chambers to share information and ideas,
- attending meetings of the Small Business Consortium, a group of businesses and business organisations committed to CSR ,
- meeting Treasury officials working on the Government's review of the Third Sector to discuss the role of business in supporting the Third Sector

REPORT OF THE DIRECTORS

The directors present their report and the group accounts for the year ended 31st March 2008

Principal activities
The group's principal activities during the year continued to be the provision of services to members and the promotion of commerce and industry The Birmingham Chamber of Commerce and Industry (BCI) is a s 30 company limited by guarantee and the liability of each member is limited to £1 05

A business review of the year is set out in the Operating and Financial Review

Results for the year
The group results include those of Birmingham Chamber Training Limited, BDG Direct Limited, (both being a wholly owned subsidiary undertaking of BCI) and Skills4Auto Limited, a company limited by guarantee that was acquired on 30th September 2007 (of which BCI is the sole member)

The group surplus for the year, after taxation, amounted to £83,000 (2007 deficit £275,000) and has been carried to reserves The surplus included additional depreciation of £120,000 (2007 £109,000) resulting from the revaluation of long leasehold property (see note 1)

Directors and their interests
The directors, including the Honorary Officers, as at 31st March 2008 and those who served during the year were as follows
R M Ackrill (President)
B P Blow (Vice-president)
P S Bassi (Vice-president) – appointed 11/10/07
J R A Crabtree (Immediate Past President)
J B Blackett (Chief Executive, BCI)
M A Hibbert (Finance Director, BCI)
S M Topman (Chairman, Birmingham Chamber Training Limited)
S A C Yates (President, Solihull Chamber)
Dr A Bajaj (Chairman, Institute of Asian Businesses)
D L Grove (Co-opted Member) – resigned 12/3/08
M F Ball (Elected Member) – appointed 11/10/07
C Braddock (Elected Member)
K A George (Elected Member) – resigned 11/10/07
I G Greaves (Elected Member)
G J Lowson (Elected Member)
A R Manning Cox (Elected Member)
B Summers (Elected Member)

There are no directors' interests requiring disclosure under the Companies Act 1985 During the year director's and officer's indemnity insurance cover of £2 million was provided by the Chamber as part of its professional indemnity insurance arrangements

Future Developments
The group's future developments are set out in Operating and Financial Review

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

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

By order of the Board

M A Hibbert
Company Secretary
19th September 2008

CORPORATE GOVERNANCE

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

- **The Board**
  The Board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the Board The executive directors constitute the Executive Committee, which meets fortnightly to discuss day-to-day operational matters

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

  In addition, the Board supports three formal committees as follows

- **Audit Committee**
  The Audit Committee is chaired by the senior Vice-president and consists of the junior Vice-president and two non-executive directors, with the Chief Executive and Finance Director in attendance The Committee has written terms of reference which include the following responsibilities
  - monitoring the integrity of the company's financial statements and reviewing significant financial reporting judgements contained within them,
  - reviewing the company's internal control and risk management systems and forming an opinion on their appropriateness and effectiveness,
  - monitoring the effectiveness of the internal check functions and reviewing the results of non-statutory audits,
  - monitoring the independence, objectivity and effectiveness of the external auditor and approving their terms of engagement and remuneration,
  - making recommendations to the board on the appointment of the external auditor and establishing policy on the engagement of the external auditor to provide non-audit services,
  - ensuring that suitable arrangements are in place for investigating Protected Disclosures raised by company staff about possible financial reporting improprieties,
  - receiving Protected Disclosures from Chamber staff and considering appropriate follow-up action

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

- **Property Development Committee**
  The Board has created a committee to monitor and report on the project for the redevelopment of Chamber of Commerce House in recognition of the significant business risks inherent in such a scheme The Property Development Committee is chaired by the President and is comprised of the Honorary Officers, nominated Executive Directors and external experts The Committee reports to the Board at each of its meetings

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985 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 group and parent company financial statements (the "financial statements") of Birmingham Chamber of Commerce and Industry for the year ended 31st March 2008 which comprise the Group Income and Expenditure Account, the Group Note of Historical Cost Surpluses and Deficits, the Group Statement of Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 26 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements The information given in the directors' report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the directors' report

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Operating and Financial Review We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31st March 2008 and of the group's surplus for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP
Ernst & Young LLP
Registered auditor
Birmingham

29 September 2008

GROUP INCOME & EXPENDITURE ACCOUNT
for the year ended 31st March 2008

	Note	2008 £000	2007 £000
Income:	2		
Continuing operations		**18,803**	17,409
Discontinued operations		**-**	11,092
		18,803	28,501
Expenditure			
Administrative expenses		**18,806**	28,547
Operating deficit:	3		
Continuing operations		**(3)**	(361)
Discontinued operations		**-**	315
		(3)	(46)
Non-operating exceptional items:			
(Deficit)/surplus on disposal and amounts provided against fixed asset investments	7	**(5)**	17
Write-off of Property Development costs	7	**-**	(73)
Costs relating to the Business Link Division closure	7	**(14)**	(354)
		(22)	(456)
Net finance income	8	**203**	185
Surplus/(deficit) on ordinary activities before tax		**181**	(271)
Tax on surplus/(deficit) on ordinary activities	9	**(98)**	(4)
Surplus/(deficit) for the year	21	**83**	(275)

GROUP NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31st March 2008

	2008 £000	2007 £000
Reported surplus/(deficit) on ordinary activities before tax	**181**	(271)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**120**	109
Historical cost surplus/(deficit) on ordinary activities before tax	**301**	(162)
Historical cost surplus/(deficit) for the year after tax	**203**	(166)

GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31st March 2008

	Note	2008 £000	2007 £000
Surplus/(deficit) for the year		**83**	(275)
Actuarial gain	24	**379**	465
Deferred tax on the actuarial gain	24	**(76)**	(88)
Unrealised (deficit)/surplus on revaluation of leasehold property	21	**(2,673)**	1,262
Total recognised gains relating to the year		**(2,287)**	1,364
Prior year adjustment on revaluation of leasehold property	1	**-**	2,844
Total gains recognised since last annual report		**(2,287)**	4,208

BALANCE SHEETS
at 31st March 2008

	Note	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Fixed assets					
Tangible assets	11	**3,438**	6,243	**3,398**	6,205
Investments					
Shares in subsidiary undertakings	12	**-**	-	**1**	1
Other investments	13	**5**	491	**5**	491
		3,443	6,734	**3,404**	6,697
Current assets					
Investments	14	**265**	-	**265**	-
Stocks		**6**	7	**6**	7
Debtors	15	**6,247**	7,411	**5,754**	7,388
Deferred taxation	16	**46**	54	**37**	40
Cash at bank and in hand	17	**672**	31	**1,040**	31
		7,236	7,503	**7,102**	7,466
Creditors: amounts falling due within one year	18	**5,806**	6,917	**5,451**	6,903
Net current assets		**1,430**	586	**1,651**	563
Total assets less current liabilities		**4,873**	7,320	**5,055**	7,260
Creditors: amounts falling due after more than one year					
Loans	19	**1,250**	628	**1,250**	628
Provisions for liabilities and charges					
Other provisions	20	**549**	664	**549**	664
Net assets excluding pension asset/(liability)		**3,074**	6,028	**3,256**	5,968
Net pension asset/(liability)	24	**466**	(201)	**466**	(201)
Net assets including pension liability		**3,540**	5,827	**3,722**	5,767
Represented by:					
Revenue reserves	21	**2,336**	1,830	**2,518**	1,770
Revaluation reserve	21	**1,204**	3,997	**1,204**	3,997
		3,540	5,827	**3,722**	5,767

Signed on behalf of the Board

R M Ackrill
President

19th September 2008

GROUP CASH FLOW STATEMENT
for the year ended 31st March 2008

	Note	£000	2008 £000	£000	2007 £000
Net cash inflow/(outflow) from operating activities	10		**429**		(2,446)
Returns on investments and servicing of finance					
Interest received		**76**		69	
Interest paid		**(8)**		(21)	
Dividends received		**104**		15	
Net cash inflow from returns on investments and servicing of finance			**172**		63
UK Corporation Tax paid			**-**		(93)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(127)**		(33)	
Purchase of investments		**(15)**		(4)	
Sale of investments		**229**		34	
Net cash inflow/(outflow) from capital expenditure and financial investment			**87**		(3)
Acquisitions and disposals					
Purchase of share in associated undertaking		**-**		(150)	
Costs of closure of Business Link division		**(14)**		(109)	
Net inflow from acquisitions		**203**		-	
Net cash inflow/(outflow) from acquisitions and disposals			**189**		(259)
Net cash inflow/(outflow) before financing			**877**		(2,738)
Financing					
Repayment of medium-term loan			**(108)**		(99)
Increase/(decrease) in cash in the year			**769**		(2,837)

Reconciliation of net cash flow to movement in net funds

	Note	2008 £000	2007 £000
Increase/(decrease) in cash in the year		**769**	(2,837)
Repayment of medium-term loan		**108**	99
Movement in net funds		**877**	(2,738)
Net funds at beginning of the year		**(1,483)**	1,255
Net funds at end of the year	17	**(606)**	(1,483)

Cash flow relating to exceptional items

The 2008 operating cash inflow includes outflows of £186,000 (2007 £213,000) relating to exceptional items and include under discontinued activities an outflow of £nil (2007 £950,000) which relates to the closure of the Business Link division

NOTES TO THE ACCOUNTS
at 31st March 2008

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

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

Basis of consolidation
The group accounts consolidate the accounts of BCI and all its subsidiary undertakings drawn up to 31st March 2008 No income and expenditure account is presented for BCI as permitted by s 230 of the Companies Act 1985

Entities, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates In the group accounts, associates are accounted for using the equity method

Fixed assets
All fixed assets are initially recorded at cost Leasehold property was revalued as at 31st March 2007, with the revaluation surplus being taken to the revaluation reserve An interim valuation was carried out as at 31st March 2008 and the revaluation deficit arising has been set against the revaluation reserve

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

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

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

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

Government grants
Government grants in respect of capital expenditure are credited to a deferred income account and are released over the expected useful lives of the relevant assets by equal annual instalments 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

Fixed asset investments
Listed investments are shown at cost less provision for impairment in value

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

Assets under construction
Costs relating directly to the continuing proposed redevelopment of the Chamber of Commerce House site are capitalised under Property Development in note 11

NOTES TO THE ACCOUNTS
at 31st March 2008

1. Accounting policies (continued)

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 2008

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

	2008	2007	2007 Continuing	2007 Discontinued
	£000	£000	£000	£000
Membership subscriptions	**804**	832	832	-
Regional Projects	**7,837**	10,910	10,910	-
Grant income	**3,646**	11,234	645	10,589
General services	**4,194**	4,597	4,094	503
Training income	**2,031**	825	825	-
Rental income from operating leases	**187**	88	88	-
Income from listed investments	**14**	15	15	-
Income from other investments	**90**	-	-	-
	18,803	28,501	17,409	11,092

Regional Projects income and grant income relates to European and Government funding received to support subsidised consultancy and other services to businesses in the region

3. Operating deficit
The operating deficit is stated after charging/(crediting)

	2008	2007
	£000	£000
Staff costs (note 4)	**4,299**	6,116
Exceptional items (note 6)	**(262)**	213
Auditors' remuneration – audit services	**31**	39
Auditors' remuneration – non-audit services	**15**	27
Depreciation	**260**	243
Operating lease rentals – plant and machinery	**114**	152
– land and buildings	**9**	8

4. Staff costs

	2008	2007
	£000	£000
Salaries and wages	**3,725**	5,163
Social security costs	**390**	531
Other pension costs		
Defined contribution	**96**	175
Defined benefit (note 24)	**88**	247
	4,299	6,116

The average number of persons employed by the group during the year was 122 (2007 176)

NOTES TO THE ACCOUNTS
at 31st March 2008

5. Directors' emoluments

	2008 £000	2007 £000
Emoluments (excluding pension contributions)	222	282

Non-executive directors did not receive any remuneration for their services The emoluments, excluding pension contributions, of the highest paid director were £126,794 (2007 £94,615)

	2008 No.	2007 No
Members of defined benefit pension scheme	-	1

6. Operating exceptional items

	2008 £000	2007 £000
Recognised in arriving at operating surplus		
Write-off of negative goodwill arising on acquisition of Skills4Auto Limited	(275)	-
Provisions for funding clawback	145	-
Pension fund administration costs	178	222
Pension Fund curtailment adjustment	(318)	-
Re-organisation costs	8	66
Personnel costs and professional fees	-	(75)
	(262)	213

Skills4Auto Limited was acquired on 30th September 2007 and the negative goodwill arising on acquisition has been written-off during the year Provisions for funding clawback relate to possible repayments of funding received in respect of completed projects Defined Benefit Pension Fund administration costs borne by the Chamber in 2007/08 and 2006/07 included legal and actuarial costs relating to agreement of funding with the Fund trustee and the cessation of future service benefits from 1st September 2007 The curtailment adjustment arose as a result of the cessation of benefits Re-organisation costs relate to redundancy and other similar costs

7. Non-operating exceptional items

	2008 £000	2007 £000
Deficit/(Surplus) on disposal and amounts provided against fixed asset investments	5	(17)
Write-off of Property Development costs	-	73
Costs relating to the Business Link Division closure	14	354
	19	410

NOTES TO THE ACCOUNTS
at 31st March 2008

8. Net finance income

	2008 £000	2007 £000
Interest on bank loan and overdrafts	**(8)**	(21)
Bank interest receivable	**76**	69
Expected return on assets in the pension scheme less interest on pension scheme liabilities (note 24)	**135**	137
	203	185

9. Taxation

	2008 £000	2007 £000
Tax on surplus/(deficit) on ordinary activities		
UK Corporation tax	**-**	(12)
Deferred tax (note 16)		
Origination and reversal of timing differences	**9**	2
Deferred tax on FRS 17 pension adjustments	**89**	14
	98	4

Factors affecting the tax charge for the year

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

	2008 £000	2007 £000
Surplus/(deficit) on ordinary activities before taxation	**181**	(271)
Surplus/(deficit) on ordinary activities at the standard rate of tax of 20% (2007 19%)	**36**	(51)
Effect of		
Disallowed expenses and non-taxable income	**(32)**	24
Accounting profit on chargeable assets	**(6)**	(3)
Difference between capital allowances and depreciation	**(5)**	13
Short term timing differences	**-**	19
FRS17 pension	**(91)**	(14)
Pension restatement	**-**	-
Unrelieved tax losses carried forward	**98**	11
Difference in company tax rates	**-**	-
Prior year adjustments	**-**	(12)
Marginal relief	**-**	1
Current tax charge for the year	**-**	(12)

NOTES TO THE ACCOUNTS
at 31st March 2008

10. Net cash flow from operating activities

	2008 £000	2007 £000
Operating (deficit)/surplus	**(3)**	(46)
Excess pension current service cost	-	55
Pension fund curtailment adjustment	**(318)**	-
Depreciation	**260**	243
Amortisation of negative goodwill	**(275)**	-
Dividends received	**(104)**	(15)
(Decrease) in deferred subscriptions provision	**(4)**	(19)
(Decrease) in other provisions	**(111)**	(82)
Decrease in stocks	**6**	-
Decrease in debtors	**1,356**	1,246
(Decrease) in creditors	**(378)**	(3,828)
Net cash outflow from operating activities	**429**	(2,446)

11 Tangible fixed assets

	Property Development £000	Long Leasehold Property £000	Computers & Fixtures £000	Total £000
Group Cost or Valuation				
At 1st April 2007	828	5,197	1,778	7,803
Additions during the year	20	23	84	127
Deficit on revaluation	-	(2,818)	-	(2,818)
At 31st March 2008	**848**	**2,402**	**1,862**	**5,112**
Group Depreciation				
At 1st April 2007	-	-	1,560	1,560
Charge for the year	-	146	114	260
Deficit on revaluation	-	(146)	-	(146)
At 31st March 2008	**-**	**-**	**1,674**	**1,674**
Group Net book value at 31st March 2008	**848**	**2,402**	**188**	**3,438**
Group Net book value at 1st April 2007	828	5,197	218	6,243
Company Cost or Valuation				
At 1st April 2007	828	5,197	1,715	7,740
Additions during the year	20	23	64	107
Deficit on revaluation	-	(2,818)	-	(2,818)
At 31st March 2008	**848**	**2,402**	**1,779**	**5,029**
Company Depreciation				
At 1st April 2007	-	-	1,535	1,535
Charge for the year	-	146	96	242
Deficit on revaluation	-	(146)	-	(146)
At 31st March 2008	**-**	**-**	**1,631**	**1,631**
Company Net book value at 31st March 2008	**848**	**2,402**	**148**	**3,398**
Company Net book value at 1st April 2007	828	5,197	180	6,205

NOTES TO THE ACCOUNTS
at 31st March 2008

11. Tangible fixed assets (continued)

Capitalised Property Development costs relate to costs incurred in respect of the ongoing proposed development of Chamber of Commerce House The long leasehold property was valued at £3,250,000 (including the development costs) by King Sturge LLP as at 31st March 2008 on the basis of existing use value in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards The historical cost of long leasehold property included at valuation is as follows

	Group £000	Company £000
At 31st March 2008	**1,395**	**1,395**
At 1st April 2007	1,372	1,372

12. Shares in subsidiary undertakings

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

- BDG Direct Limited being 2 shares of £1 each The company's principal activity is the provision of business services
- 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
- Birmingham Chamber Training Limited being 100 shares of £1 each The company's principal activity is the provision of training services
- Sandwell Chamber of Commerce and Industry Limited being 100 shares of £1 each The company was dormant throughout the year

BCI also holds 80 ordinary shares of £1 each in Central Chambers of Commerce and Industry Limited (a dormant company), being 80% of the issued capital

BCI is the sole member of Skills4Auto Limited, a company limited by guarantee that was acquired on 30th September 2007 The company's principal activity is the provision of training services to the Midlands Automotive Industry

13. Other investments

	Listed £000	Unlisted £000	Total £000
Group and company			
Cost:			
At 1st April 2007	399	155	554
Additions	15	-	15
Disposals	(73)	(150)	(223)
Reclassified as a current asset	(341)	-	(341)
At 31st March 2008	**-**	**5**	**5**
Amounts provided:			
At 1st April 2007	63	-	63
Provided during the year	25	-	25
Utilised during the year	(12)	-	(12)
Reclassified against current assets	(76)	-	(76)
At 31st March 2008	**-**	**-**	**-**
Net book value at 31st March 2008	**-**	**5**	**5**
Net book value at 1st April 2007	336	155	491

Fifty per cent of the issued ordinary share capital of the National Exhibition Centre Limited, which is registered in England and Wales, consisting of 5,000 shares of £1 each, is included in unlisted investments 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 The NEC is not consolidated because the company has no beneficial interest in its net assets

NOTES TO THE ACCOUNTS
at 31st March 2008

14. Current investments
Listed investments were reclassified as current assets at 31st March 2008 The market value of listed investments as at 31st March 2008 was £328,000 (31st March 2007 £423,000)

15. Debtors

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Trade debtors	**3,832**	4,376	**3,255**	4,077
Other debtors	**2,316**	2,865	**2,301**	2,828
Prepayments and accrued income	**96**	167	**83**	144
Tax recoverable	**3**	3	**3**	3
Amounts owed by group undertakings	**-**	-	**112**	336
	6,247	7,411	**5,754**	7,388

16. Deferred taxation
The major components of the deferred tax asset recognised in the accounts are as follows

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Capital allowances	**41**	38	**32**	31
Other timing differences	**5**	16	**5**	9
	46	54	**37**	40

The major components of deferred tax (liability)/asset not recognised in the accounts are as follows

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Surplus on revaluation	**(622)**	(596)	**(622)**	(626)

Movement in the deferred tax asset during the year

	Group £000	Company £000
At 1st April 2007	54	40
Adjustment in respect of previous years	-	-
Current year	(8)	(3)
At 31st March 2008	**46**	**37**

NOTES TO THE ACCOUNTS
at 31st March 2008

17. Analysis of changes in net funds

	2006 £000	Cash flows £000	2007 £000	Cash flows £000	**2008 £000**
Cash at bank and in hand	2,740	(2,709)	31	641	**672**
Bank overdraft	-	(128)	(128)	128	**-**
Bank loan	(235)	99	(136)	108	**(28)**
Other loan	(1,250)	-	(1,250)	-	**(1,250)**
Net funds	1,255	(2,738)	(1,483)	877	**(606)**

18. Creditors. amounts falling due within one year

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Bank overdraft	**-**	128	**-**	467
Current instalment due on bank loan (note 19)	**28**	758	**28**	758
Trade creditors	**2,741**	2,205	**2,599**	2,016
Accruals and deferred income	**2,054**	2,895	**2,024**	2,873
Other creditors	**607**	578	**485**	466
Other taxes and social security costs	**376**	353	**284**	299
Amounts owed to group undertakings	**-**	-	**31**	24
	5,806	6,917	**5,451**	6,903

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

	2008 £000	2007 £000
Loans – Group and company:		
Wholly repayable within 5 years		
Bank loan	**28**	136
Other loan	**1,250**	1,250
	1,278	1,386
Less amount falling due within one year	**(28)**	(758)
	1,250	628

An unsecured bank loan of £800,000 was received on 16th June 1998 and is repayable by quarterly repayments of £29,000 including interest at 7 68 % p a over 10 years

An unsecured interest free loan of £1,250,000 was received on 24th May 2001 and became repayable on demand on 1st April 2007 Negotiations are in progress regarding the amount and timing of repayment and confirmation has been received that repayment of any of the loan will not be demanded before 16th October 2009

	2008 £000	2007 £000
Group and company:		
Amounts repayable		
in one year or less	**28**	758
between one and two years	**1,250**	628
between two and five years	**-**	-
	1,278	1,386
in five years or more	**-**	-
	1,278	1,386

NOTES TO THE ACCOUNTS
at 31st March 2008

20. Provisions for liabilities and charges

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Project funding costs	**109**	-	**109**	-
Deferred subscriptions income	**415**	419	**415**	419
Business Link division closure costs	**25**	245	**25**	245
	549	664	**549**	664

Movement in provisions during the year

	Project Costs £000	Deferred Income £000	Closure Costs £000	Total costs £000
At 1st April 2007	-	419	245	664
Provided during the year	109	-	-	109
Utilised during the year	-	-	(220)	(220)
Released during the year	-	(4)	-	(4)
At 31st March 2008	**109**	**415**	**25**	**549**

All of the provisions apply to the company as well as to the group Project Funding Costs relate to possible repayment of funding received Deferred Income relates to membership subscriptions received relating to future periods Closure Costs relate to the closure of the Business Link division on 31st March 2007

21. Movement on reserves

	Revaluation reserve		Revenue reserve	
	Group £000	Company £000	Group £000	Company £000
At 31st March 2006 as previously stated	-	-	1,619	1,007
Prior year adjustment	2,844	2,844	-	-
At 31st March 2006 as restated	2,844	2,844	1,619	1,007
Transfer during the year	(109)	(109)	109	109
Surplus on revaluation	1,262	1,262	-	-
Pension fund deficit movement net of tax	-	-	377	377
(Deficit)/surplus for the year	-	-	(275)	277
At 31st March 2007	3,997	3,997	1,830	1,770
Transfer during the year	(120)	(120)	120	120
Deficit on revaluation	(2,673)	(2,673)	-	-
Pension fund surplus movement net of tax	-	-	303	303
Surplus for the year	-	-	83	325
At 31st March 2008	**1,204**	**1,204**	**2,336**	**2,518**

The company operates under s 30 of the Companies Act and is unable to distribute surpluses or reserves A certain amount of the company's reserves can only be used in connection with the cost of closing the Business Link division or wider business support activities in the sub-region, subject to the agreement of Advantage West Midlands

22. Surplus attributable to the parent company

The surplus dealt with in the accounts of the parent company was £325,000 (2007 £277,000) Advantage has been taken of the exemption from publication of the company's own income and expenditure account

NOTES TO THE ACCOUNTS
at 31st March 2008

23. Other financial commitments

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

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Land and buildings leases expiring				
within one year	**-**	7	**-**	-
in two to five years	**5**	-	**-**	-
Other leases expiring				
within one year	**19**	11	**15**	11
in two to five years	**80**	91	**68**	91
	104	109	**83**	102

24 Pension commitments

The group operates a funded defined benefit pension scheme ("DBPS"), a non-contributory defined contribution pension scheme and a contributory 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 and therefore the service cost as a percentage of pensionable earnings is expected to increase as the members approach their retirements However, given the small number of active members, this may also be influenced by individual exits from active service

Regular contributions by members of the DBPS were made during the year at the rate of 7% of contribution earnings (which is pensionable earnings less an offset of 150% of the single person's Basic State Pension) The Chamber contributed at the rate of 10% of pensionable earnings The Chamber meets the Fund's expenses

In May 2007 the Chamber entered into an agreement with the scheme Trustee for the future funding of the DBPS The agreement was conditional upon active members of the scheme consenting to the cessation of accrual of future service benefits with effect from 1st September 2007 Consent was received in August 2007

The group adopted FRS 17 "Retirement Benefits" in full for the year ended 31st March 2006 onwards 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 2008

24. Pension commitments (continued)

A full actuarial valuation of the defined benefit pension scheme was carried out as at 30th June 2005 An updated actuarial valuation of the liabilities was obtained as at 31st March 2008 and the principal actuarial assumptions used were

	2008 % p.a.	2007 % p a	2006 % p a
Price inflation	**3.60**	3 10	2 90
Rate of increase in pay	**n/a**	4 35	4 15
Rate of increase of pensions in payment with statutory increases	**3.60**	3 10	2 90
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)	**3.60**	3 10	2 90
Discount rate	**6.80**	5 40	5 00

The assets and liabilities of the defined benefit pension scheme as at 31st March 2008 and the expected long-term rate of return were

	2008 Fair value £000	**2008 Return % p.a.**	2007 Fair value £000	2007 Return % p a	2006 Fair value £000	2006 Return % p a
Equities	**4,975**	**8.50**	6,045	8 00	6,363	8 00
Bonds	**3,339**	**5.10**	2,752	4 85	2,691	4 40
Property	**267**	**6.80**	241	6 40	196	6 20
Cash	**420**	**4.50**	428	4 00	110	3 80
Fair value of fund assets	**9,001**	**7.00**	9,466	6 86	9,360	6 88
Actuarial value of scheme liabilities	**(8,419)**		(9,716)		(10,156)	
Surplus/(deficit) in the scheme	**582**		(250)		(796)	
Deferred tax	**(116)**		49		151	
Surplus/(deficit) after tax	**466**		(201)		(645)	

Analysis of amounts charged to operating surplus

	2008 £000	2007 £000
Current service cost	**88**	247
Gain on curtailment	**(318)**	-
Net (gain)/loss charged to operating surplus	**(230)**	247

Analysis of amount credited to other finance income

	2008 £000	2007 £000
Interest on pension scheme liabilities	**503**	489
Expected return on assets in the pension scheme	**(638)**	(626)
Net credit to other finance income	**(135)**	(137)

NOTES TO THE ACCOUNTS
at 31st March 2008

24. Pension commitments (continued)

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

	2008 £000	2007 £000	2006 £000
Loss/(gain) on assets	**760**	7	(847)
Experience gain on liabilities	**0**	(41)	(290)
Gain on change of assumption	**(1,139)**	(431)	(46)
Total actuarial gain	**(379)**	(465)	(1,183)

History of experience gains and losses

	2008	2007	2006	2005	2004
(Gain)/loss on assets (£000's)	**760**	7	(847)	(140)	(912)
as a % of scheme assets at the end of the year	**8.4%**	0.1%	9.1%	1.7%	11.5%
Experience (gain)/loss on liabilities (£000's)	**0**	(41)	(290)	(74)	320
as a % of scheme liabilities at the end of the year	**0.0%**	0.4%	2.9%	0.7%	3.4%
Total actuarial (gain)/loss (£000's)	**(379)**	(465)	(1,183)	340	(326)
as a % of scheme liabilities at the end of the year	**(4.5%)**	4.8%	11.6%	3.4%	3.5%

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

	2008 £000	2007 £000
Deficit in the scheme at the beginning of the year	**(250)**	(796)
Contributions paid	**88**	191
Current service cost	**(88)**	(247)
Curtailment gain	**318**	-
Other finance income	**135**	137
Actuarial gain/(loss)	**379**	465
Surplus/(deficit) in the scheme at the year end	**582**	(250)

25. 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 a cash balance of £616,000 (2006 overdraft £522,000) and the Group of Companies had net cash balances within the group banking arrangement of £253,000 (2006 overdraft £157,000) Therefore the company has a contingent liability at the year end date of £363,000 (2006 £nil)

NOTES TO THE ACCOUNTS
at 31st March 2008

26. Transactions with Related Parties

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

	2008 £000 Value for the year	2008 £000 Balance at year end	2007 £000 Value for the year	2007 £000 Balance at year end
The British Chambers of Commerce & Industry (Related Party Director S M Topman)	57	-	90	60
The Confederation of West Midlands Chambers of Commerce (Related Party Director J B Blackett)	38	-	21	-
Fierce Earth Limited (Related Party Director M F Ball)	3	-	-	-
KPMG LLP (Related Party Director I G Greaves)	-	-	12	-
Pinsent Masons (Related Party Director G J Lowson)	56	1	35	-
Wragge & Co (Related Party Director A Manning Cox)	33	-	19	-

In each case the price charged was the normal market price