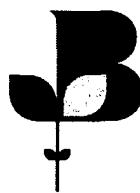


Registered number: 00078731

Birmingham Chamber of Commerce and Industry

Annual Report and Financial Statements

For the Year Ended 31 March 2019



Greater Birmingham
Chambers
of Commerce

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COMPANIES HOUSE

A09 *A8AUJR2P* 31/07/2019 #83
COMPANIES HOUSE

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Company Information

Directors

D J Waller (Chairman)
S D Allen (Vice-President – Member appointed)
A J N Awan (Co-opted)
H E Bates (Chief Financial Officer)
M S Bhatti (President – Member appointed)
H L Brealey (Co-opted) (appointed 28 September 2018)
K J Cooke (Co-opted) (appointed 28 September 2018)
P J Faulkner (Chief Executive)
M C Froom (Co-opted) (resigned 28 September 2018)
R S Jeans (Chief Operating Officer)
P Kehoe (Member appointed)
G J Lawson (Member appointed)
E L McKenzie (Co-opted)
T S D Pile (Member appointed)
S J Purkess (Co-opted) (appointed 28 September 2018)

Registered number

00078731

Registered office

Chamber of Commerce House
75 Harborne Road
Edgbaston
Birmingham
West Midlands
B15 3DH

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

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Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Strategic Report
For the Year Ended 31 March 2019

Introduction

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:

- Birmingham Chamber of Commerce;
- Asian Business Chamber of Commerce;
- Burton & District Chamber of Commerce;
- Chase Chamber of Commerce;
- Greater Birmingham Commonwealth Chamber of Commerce;
- Future Faces Chamber of Commerce;
- Lichfield & Tamworth Chamber of Commerce;
- Solihull Chamber of Commerce;
- Sutton Coldfield Chamber of Commerce; and
- Greater Birmingham Transatlantic Chamber of Commerce.

BCCI is primarily a business membership organisation with the primary 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 received from member and patron subscriptions is very important to BCCI, the services which are provided to members are only partly paid for by that income which represents 20% of the total. To add to the membership experience, BCCI provides funded and commercially based business services to its members and customers including business start-up assistance and employment services and international trade and export services supported by the Department for International Trade. The Group also helps member and non-member businesses by providing conference & meeting facilities, export documentation services, policy advice and other business services.

Strategy and objectives

BCCI is a business services organisation with members at our heart. We have been creating partnerships with businesses across Birmingham since 1813 in order to help them transform and develop. We want to:

- create a partnership with local businesses rather than take a 'one size fits all' approach;
- build a reputation for delivering great services for business and being the "go to" organisation for businesses seeking help;
- help local businesses to grow by constant support and connection to opportunities; and
- create a thriving business community and be respected by businesses and government for articulating what business wants.

Our Mission therefore is to Connect, Support and Grow local businesses. Investment in resources to achieve our Mission is at the core of our Business Plan, enabling the Chamber to continually improve services to members through improved customer relations systems and enhanced resources in our Membership and International departments.

Principal risks and uncertainties

BCCI is a not-for-profit organisation and has to manage its liquidity position carefully. However, strong financial performance over recent years has much improved that position. The Statement of Cash Flows on page 16 shows that BCCI's cash balances at the end of the year were £679,000 (2018: £851,000). Net interest paid during the year was £8,000 (2018: £11,000).

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 102 (FRS 102) and the methodology prescribed by the standard produced a gross surplus of £30,000 at the year-end (2018: deficit of £369,000) before a deferred tax liability of £nil (2018: deferred tax asset of £64,000). This includes a one-off past service cost charge in 2018/19 of £200,000 relating to Guaranteed Minimum Pension (GMP) Equalisation, more detail are given in note 26. How the Final Salary Pension Scheme liability is calculated and 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 liability therefore varies over time and the actual funding payments made into the scheme may not align with what is recorded in the accounts. Consequently the directors pay close attention to the ongoing funding cash projections. A full actuarial valuation as at 30 June 2017 was finalised in May 2018 and agreement with the Fund's Trustees is in place on future funding within an affordable recovery plan. Contributions of £181,000 (2018: £223,000) were paid into the fund during the year and the Chamber also continues to pay the Scheme's administration costs.

Analysis of performance

Total income for the year of £7.3 million was up 11% from the previous year, due to membership growth, the Chamber's Annual Dinner and other events and activity within European funded projects. Membership & patronage subscriptions income of £2 million showed exceptional growth at 14% higher than 2017/18 (which was 10% up on the previous year). An analysis of income is set out in note 4.

BCCI's Operating Surplus for 2018/19 was £226,000 compared to £244,000 for 2017/18. The Surplus before tax of £8,000 was after a notional net interest charge on pension fund liabilities of £10,000 (2017: £34,000) and a one-off past pension fund charge of £200,000 relating to Guaranteed Minimum Pension (GMP) Equalisation. A taxation credit of £28,000 on the surplus included a deferred tax credit of £13,000.

The Statement of Comprehensive income on page 12 shows that the surplus for the year of £36,000 (2018: £144,000) was increased by a net actuarial surplus from the final salary pension fund of £330,000 (2018: £716,000). Revenue Reserves at the year end were £1,885,000 (2018: £1,519,000) after a net pension liability of £Nil (2018: £305,000). Total reserves increased by £366,000 to £2,812,000.

The Board is pleased that BCCI continues to make consistent operating surpluses. 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 come from improved results in a number of areas, in particular the Investment Plan designed to improve member services.

The reorganisation in which BCCI has invested has also had the effect of de-risking the business going forward, creating a sustainable business model. We have greater reliance on self-generated income streams and are less dependent on any single aspect of the business. The Board is consequently able to set out its business plan with confidence that it is both robust and achievable.

Key performance indicators

The number of members of the Chamber is one of our key performance indicators (KPI). At 31 March 2018 the total GBCC membership was 2,931 and during the year this number grew to 3,243. This 11% increase continued the membership growth we have achieved in recent years and compares favourably to the experience of other British chambers. Our Investment Plan designed to grow membership numbers continues to show results.

Other KPIs are identified each year as part of the business planning process. BCCI's senior management team monitor the KPIs frequently and they are reported to the Board at each meeting. The KPIs act as an early warning on performance issues and allow BCCI's management to take timely corrective actions when necessary. KPIs monitor activities in Membership, International and Marketing as well as financial results.

Values

In order to achieve our mission to Connect, Support and Grow local businesses, BCCI has rolled out its core values to all staff. These are the values we aim to demonstrate:

Collaborative – We value and respect the collective contribution, knowledge, ideas and opinions of others to overcome challenges and achieve results a common purpose.

Confident – We take great pride in our work and responsibility for our actions, instilling trust and confidence in one another.

Continuous Improvement - We embrace challenges, innovation, diversity and ingenuity to effectively develop ourselves, develop opportunities and strive for excellence.

Credible – We value our heritage and traditions and act with professionalism and integrity.

Customer Committed – Our customers are at the heart of everything we do. Our extensive knowledge and expertise enable us to provide impartial advice and support. We forge long-term relationships with our customers through communication with clarity.

These values have been created in conjunction with our staff and add value to the Chamber, helping us achieve our mission.

This report was approved by the board on 19 July 2019 and signed on its behalf.



H E Bates
Director

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Directors' Report
For the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The surplus for the year, after taxation, amounted to £36,000 (2018 - surplus £144,000).

Directors

The directors who served during the year were:

D J Waller (Chairman)
S D Allen (Vice-President – Member appointed)
A J N Awan (Co-opted)
H E Bates (Chief Financial Officer)
M S Bhatti (President – Member appointed)
H L Brealey (Co-opted) (appointed 28 September 2018)
K J Cooke (Co-opted) (appointed 28 September 2018)
P J Faulkner (Chief Executive)
M C Froom (Co-opted) (resigned 28 September 2018)
R S Jeans (Chief Operating Officer)
P Kehoe (Member appointed)
G J Lowson (Member appointed)
E L McKenzie (Co-opted)
T S D Pile (Member appointed)
S J Purkess (Co-opted) (appointed 28 September 2018)

During the year Directors' and Officers' 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 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 BCCI's bankers in 2015 following a review of future borrowing needs in 2014 which resulted in the arrangement of a £350,000 loan repayable over 7 years.

The Directors also note that BCCI continues to hold a significant cash burden with its final salary pension scheme. BCCI has agreed a Recovery Plan with the Scheme Trustee board based on the latest triennial actuarial valuation of the scheme as at 30 June 2017 (approved in May 2018). The Plan commits the Chamber to pay contributions of £168,853 per annum in 2019/20, increasing annually by 5%. Under this Plan, it is expected that the Statutory Funding Objective will be met by 30 June 2024.

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.

Future developments

BCCI's Strategy and Objectives are set out in the Strategic Report on page 1. The Board will continue to implement the business plan which has resulted in the growth of the Chamber's membership and the establishment of adequate and sustainable financial surpluses.

Directors' Report (continued)
For the Year Ended 31 March 2019

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Matters covered in the strategic report

Details of the principal risks and uncertainties are contained in the strategic report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Directors' Report (continued)
For the Year Ended 31 March 2019

Auditors

During the year, Dains LLP were reappointed as the Company's auditors. Dains LLP have expressed their willingness to continue in office and will be proposed for reappointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 July 2019 and signed on its behalf.



H E Bates
Director

Corporate Governance
For the Year Ended 31 March 2019

BCCI's Board believes that the corporate governance structure is effective 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 financial control. Internal control systems are designed to meet the needs of the company 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 is reviewed in detail at each Board meeting and the Board approves the annual budget in March each year. 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 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 Financial 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;
- reviewing and challenging the annual budgets and forecasts;
- monitoring the independence, objectivity and effectiveness of the external auditor and approving their terms of engagement and remuneration.

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.

Independent Auditors' Report to the Members of Birmingham Chamber of Commerce and Industry

Opinion

We have audited the financial statements of Birmingham Chamber of Commerce and Industry (the 'Company') for the year ended 31 March 2019, which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Independent Auditors' Report to the Members of Birmingham Chamber of Commerce and Industry
(continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Independent Auditors' Report to the Members of Birmingham Chamber of Commerce and Industry
(continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.



Andrew Morris FCA (senior statutory auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

19 July 2019

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Income Statement
For the Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	4	7,296	6,568
Administrative expenses		(7,070)	(6,324)
Operating surplus	5	226	244
Pension scheme past service costs	25	(200)	-
Interest payable and similar expenses	9	(8)	(11)
Other finance expenses	10	(10)	(34)
Surplus before tax		8	199
Tax on surplus	11	28	(55)
Surplus for the financial year		36	144

The notes on pages 17 to 40 form part of these financial statements.

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Statement of Comprehensive Income
For the Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Surplus for the financial year		36	144
Other comprehensive income			
Unrealised surplus on revaluation of tangible fixed assets		-	364
Actuarial gain on defined benefit schemes	25	428	863
Pension surplus not recognised	25	(30)	-
Movement on deferred tax relating to pension gains	22	(68)	(147)
Other comprehensive income for the year		330	1,080
Total comprehensive income for the year		366	1,224

The notes on pages 17 to 40 form part of these financial statements.

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)
Registered number:00078731

Balance Sheet
As at 31 March 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	12	3,246	3,286
		<u>3,246</u>	<u>3,286</u>
Current assets			
Stocks	15	4	4
Debtors: amounts falling due after more than one year	16	-	96
Debtors: amounts falling due within one year	16	1,531	1,203
Cash at bank and in hand	17	679	851
		<u>2,214</u>	<u>2,154</u>
Creditors: amounts falling due within one year	18	(2,589)	(2,512)
Net current liabilities		<u>(375)</u>	<u>(358)</u>
Total assets less current liabilities		<u>2,871</u>	<u>2,928</u>
Creditors: amounts falling due after more than one year	19	(59)	(113)
Pension liability	25	-	(369)
Net assets		<u><u>2,812</u></u>	<u><u>2,446</u></u>
Capital and reserves			
Revaluation reserve	23	927	927
Revenue reserves	23	1,885	1,519
		<u><u>2,812</u></u>	<u><u>2,446</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 July 2019.



H E Bates
Director

The notes on pages 17 to 40 form part of these financial statements.

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Statement of Changes in Equity
For the Year Ended 31 March 2019

	Revaluation reserve	Revenue reserve	Total equity
	£000	£000	£000
At 1 April 2018	927	1,519	2,446
Comprehensive income for the year			
Surplus for the year	-	36	36
Actuarial gains on pension scheme (net of pension surplus not recognised)	-	398	398
Deferred tax movements relating to pension gain	-	(68)	(68)
Other comprehensive income for the year	-	330	330
Total comprehensive income for the year	-	366	366
At 31 March 2019	927	1,885	2,812

The notes on pages 17 to 40 form part of these financial statements.

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Statement of Changes in Equity
For the Year Ended 31 March 2018

	Revaluation reserve	Revenue reserve	Total equity
	£000	£000	£000
At 1 April 2017	607	615	1,222
Comprehensive income for the year			
Surplus for the year	-	144	144
Actuarial gains on pension scheme	-	863	863
Deferred tax movements relating to pension loss	-	(147)	(147)
Surplus on revaluation of long term leasehold property	364	-	364
Transfer between reserves	(44)	44	-
Other comprehensive income for the year	320	760	1,080
Total comprehensive income for the year	320	904	1,224
At 31 March 2018	927	1,519	2,446

The notes on pages 17 to 40 form part of these financial statements.

Birmingham Chamber of Commerce and Industry
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 March 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Surplus for the financial year	36	144
Adjustments for:		
Depreciation of tangible assets	43	56
Net interest on defined benefit pension liability	10	34
Interest payable	8	11
Taxation (credit)/charge	(28)	55
Decrease in stocks	-	1
(Increase)/decrease in debtors	(277)	22
Increase in creditors	80	98
Pension contributions	(181)	(223)
Pension scheme past service costs	200	-
Corporation tax paid	-	(38)
Net cash generated from operating activities	(109)	160
Cash flows from investing activities		
Purchase of tangible fixed assets	(3)	(17)
Net cash from investing activities	(3)	(17)
Cash flows from financing activities		
Repayment of loans	(52)	(51)
Interest paid	(8)	(11)
Net cash used in financing activities	(60)	(62)
Net (decrease)/increase in cash and cash equivalents	(172)	81
Cash and cash equivalents at beginning of year	851	770
Cash and cash equivalents at the end of year	679	851
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	679	851
	679	851

The notes on pages 17 to 40 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2019

1. General information

Birmingham Chamber of Commerce and Industry is a private company limited by guarantee and is incorporated in England and Wales under the Companies Act. The address of the registered office is 75 Harborne Road, Edgbaston, Birmingham, B15 3DH. The Company is a membership organisation for employers and individuals and further information regarding the Company's operations and principal activities are set out in the strategic report and directors report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of long term leasehold property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Group accounts have not been prepared as all of the company's subsidiaries are dormant and are permitted to be excluded from group accounts by virtue of sections 402 and 405 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 1 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 arrangement of a £350,000 loan repayable over 7 years.

The Directors also note that BCCI continues to hold a significant cash burden with its final salary pension scheme. BCCI has agreed a Recovery Plan with the Scheme Trustee board based on the latest triennial actuarial valuation of the scheme as at 30 June 2017 (approved in May 2018). The Plan commits the Chamber to pay contributions of £168,853 per annum in 2019/20, increasing annually by 5%. Under this Plan, it is expected that the Statutory Funding Objective will be met by 30 June 2024.

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.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Deferral of income

Membership 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.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long term leasehold property	- 50 years
Fixtures and fittings	- 5 - 8 years
Computer equipment	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

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 where material. It is the company's policy to formally revalue revalued assets every 2 to 3 years.

2.5 Revaluation of tangible fixed assets

Individual long term leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers. The last professional valuation was performed in March 2018.

Revaluation gains and losses are recognised in the statement of comprehensive income.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

2.8 Stocks

Stocks consists of office supplies and are valued at the lower of cost and net realisable value on a first in first out basis.

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The Company currently does not hold any cash equivalents.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the income statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the income statement in the same period as the related expenditure.

2.14 Foreign currency translation

The Company's functional and presentational currency is GBP.

The Company's financial statements are rounded to the nearest £000.

2.15 Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension scheme

For the defined benefit scheme, which was closed to new entrants on 30 September 2002 and ceased to accrue future benefits to existing members on 1 September 2007, the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The net interest on the defined benefit liability has been included in other finance costs and scheme administration expenses have been included within administrative costs.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee administered funds. A liability is recognised in the balance sheet in respect of the defined benefit plan which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The liability is updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in reserves in the year in which they arise. Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.17 Interest income

Interest income is recognised in the income and expenditure statement using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the income and expenditure statement in the year in which they are incurred.

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income and expenditure statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

Notes to the Financial Statements
For the Year Ended 31 March 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Pension valuation

Management obtain an actuarial valuation annually whereby the defined liability is measured by using the present value of its obligations under defined benefit plans less the fair value at the reporting date of plan assets out of which the obligations are to be settled. For further details, see the pension commitment note.

Property valuation

Management obtain property valuations which are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

4. Analysis of income

Income represents the amounts derived from the provisions of services in the United Kingdom which fall within the Company's continuing activities, stated net of value added tax.

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Membership & Patrons	2,005	1,754
Other commercial services	748	474
Rental income	630	630
International activity: public funded	1,362	1,211
International activity: other	1,980	1,934
Other public funded activity	571	565
	<u>7,296</u>	<u>6,568</u>

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

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5. Operating surplus

The operating surplus is stated after charging/(crediting):

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	43	56
Revaluation of long term leasehold property	-	(364)
Exchange differences	1	1
Operating lease rentals - motor vehicles	35	38
Operating lease rentals - other	9	5
Defined contribution pension cost	111	75
	<u>111</u>	<u>75</u>

6. Auditors' remuneration

	2019	2018
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	12	12
Other services relating to taxation	2	2
	<u>2</u>	<u>2</u>

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7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	3,491	3,211
Social security costs	340	322
Cost of defined contribution scheme	111	75
	<u>3,942</u>	<u>3,608</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Employees	<u>100</u>	<u>95</u>

8. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	569	422
Company contributions to defined contribution pension schemes	37	20
	<u>606</u>	<u>442</u>

During the year retirement benefits were accruing to 5 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £241,000 (2018 - £222,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,000 (2018 - £8,000).

9. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	<u>8</u>	<u>11</u>

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Notes to the Financial Statements
For the Year Ended 31 March 2019

10. Other finance expenses

	2019	2018
	£000	£000
Net interest on defined benefit liability	10	34
	<u>10</u>	<u>34</u>

11. Taxation

	2019	2018
	£000	£000
Corporation tax		
Current tax on surplus for the year	-	6
Adjustments in respect of previous periods	(15)	7
Total current tax	<u>(15)</u>	<u>13</u>
Deferred tax		
Origination and reversal of timing differences	(13)	42
Total deferred tax	<u>(13)</u>	<u>42</u>
Taxation on surplus	<u>(28)</u>	<u>55</u>

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Surplus before tax	8	199
Surplus multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2	38
Effects of:		
Expenses not deductible for tax purposes	11	15
Adjustments to tax charge in respect of prior periods	(15)	7
Deferred tax credited directly to equity	14	17
Other timing differences	(16)	(22)
Research and development tax credit	(24)	-
Total tax charge for the year	(28)	55

Factors that may affect future tax charges

The company has tax losses of £1,077,608 (2018: £1,077,608) that are available indefinitely for offset against future taxable profits on 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 (2018: £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.

From 1 April 2017, the main rate of corporation tax was reduced to 19%. Further reductions to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at the balance sheet date has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

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12. Tangible fixed assets

	Long term leasehold property £000	Computers & fixtures £000	Total £000
Cost or valuation			
At 1 April 2018	3,250	58	3,308
Additions	-	3	3
At 31 March 2019	3,250	61	3,311
Depreciation			
At 1 April 2018	-	22	22
Charge for the year on owned assets	29	14	43
At 31 March 2019	29	36	65
Net book value			
At 31 March 2019	3,221	25	3,246
At 31 March 2018	3,250	36	3,286

The long leasehold property was valued at £3,250,000 by James Daffern and Stuart Smith of Jones Land LaSalle Limited as at 31 March 2018 on the basis of market value in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards. The directors do not believe there is a material difference to this valuation as at 31 March 2019.

Cost or valuation at 31 March 2019 is as follows:

	Land and buildings £000
At cost	2,323
At valuation:	
On 31 March 2018 based on market value	927
	3,250

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Notes to the Financial Statements
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12. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019	2018
	£000	£000
Cost	2,323	2,323
Accumulated depreciation	(923)	(894)
Net book value	1,400	1,429

13. Subsidiary undertakings

The Birmingham Chamber of Commerce holds 99% of the issued share capital in the Birmingham C.O.C Pension Fund Trustee Company Limited being 99 out of 100 shares of 5p each. The company acts as the trustee of the group's staff pension scheme and was dormant throughout the year.

The Birmingham Chamber of Commerce wholly owns Birmingham & Solihull Link DBS Trustee Limited. The company was dormant throughout the year.

14. Other investments

The Birmingham Chamber of Commerce 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 the Department of International Trade (DIT) (formerly UK Trade & Investment). WMCC's group reserves at 31 March 2019 were £454,000 (2018: £454,000) of which BCCI's share was £72,000 (2018: £72,000).

Birmingham Chamber of Commerce holds 10% of the issued share capital in One Midlands Limited, a dormant company incorporated in England and Wales.

15. Stocks

	2019	2018
	£000	£000
Finished goods and goods for resale	4	4

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Notes to the Financial Statements
For the Year Ended 31 March 2019

16. Debtors

	2019	2018
	£000	£000
Due after more than one year		
Deferred tax asset	-	96
	<u>-</u>	<u>96</u>
	2019	2018
	£000	£000
Due within one year		
Trade debtors	1,076	1,020
Other debtors	16	14
Prepayments and accrued income	398	169
Deferred taxation	41	-
	<u>1,531</u>	<u>1,203</u>

17. Cash and cash equivalents

	2019	2018
	£000	£000
Cash at bank and in hand	<u>679</u>	<u>851</u>

18. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Bank loans	55	53
Trade creditors	293	186
Corporation tax	-	6
Other taxation and social security	341	309
Other creditors	113	187
Accruals and deferred income	1,787	1,771
	<u>2,589</u>	<u>2,512</u>

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

	2019	2018
	£000	£000
Bank loans	59	113
	59	113

Secured creditors

The bank 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.

20. Loans

Analysis of the maturity of loans is given below:

	2019	2018
	£000	£000
Amounts falling due within one year		
Bank loans	55	53
Amounts falling due 1-2 years		
Bank loans	59	55
Amounts falling due 2-5 years		
Bank loans	-	58
	114	166

Notes to the Financial Statements
For the Year Ended 31 March 2019

21. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,416</u>	<u>1,168</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(703)</u>	<u>(736)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors, bank loan and accruals.

22. Deferred taxation

	2019
	£000
At beginning of year	96
Charged to profit or loss	13
Charged to statement of comprehensive income	(68)
At end of year	<u>41</u>

The deferred taxation balance is made up as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	27	32
Tax losses carried forward	14	-
Pension deficit	-	64
	<u>41</u>	<u>96</u>

23. Reserves

Revaluation reserve

The revaluation reserve contains the surplus arising on the revaluation of long leasehold property.

Revenue reserve

The revenue reserve includes all current and prior period surpluses including the deficit on the defined benefit pension scheme. The company is limited by guarantee and is prohibited by its Articles and Association from distributing surpluses or reserves.

24. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the company in the event of liquidation.

25. Pension commitments

The Company operates a defined contribution scheme and a defined benefit pension scheme (DBPS) for its employees.

Defined contributions pension scheme

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £111,000 (2018 - £75,000). Contributions totalling £31,000 (2018 - £23,000) were payable to the fund at the balance sheet date and are included in creditors.

Defined benefit scheme

The assets of the scheme are held separately from those of the company 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 30 September 2002. In May 2007 BCCI entered into an agreement with the scheme Trustee for 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 1 September 2007. Regular contributions by members of the DBPS therefore ceased on that date.

Following a triennial actuarial valuation as at 30 June 2017 a Recovery Plan was agreed with the scheme Trustee based on BCCI paying £168,853 per annum in 2019/20, increasing annually by 5% with the intention of eliminating the scheme's funding deficit by 2024. BCCI also meets the Fund's expenses. The Recovery Plan has been approved by the Pensions Regulator.

The company has adopted Section 38 "Employee Benefits" of Financial Reporting Standard 102. The defined liability has been measured by using the present value of its obligations under defined benefit plans less the fair value at the reporting date of plan assets out of which the obligations are to be settled.

Reconciliation of present value of plan liabilities:

	2019	2018
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	11,535	12,652
Interest cost	300	321
Actuarial losses/(gains)	119	(823)
Benefits paid	(1,067)	(615)
Past service cost	200	-
At the end of the year	11,087	11,535

Notes to the Financial Statements
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25. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	11,166	11,231
Actuarial gains	547	40
Interest income	290	287
Contributions by employer	181	223
Benefits paid	(1,067)	(615)
At the end of the year	11,117	11,166

Composition of plan assets:

	2019 £000	2018 £000
Equities	2,530	4,564
Bonds	2,331	6,552
Cash	1,583	50
Diversified	1,949	-
LDI	2,724	-
Total plan assets	11,117	11,166

	2019 £000	2018 £000
Fair value of plan assets	11,117	11,166
Present value of plan liabilities	(11,087)	(11,535)
Net pension scheme asset/(liability)	30	(369)
Surplus not recognised	(30)	-
Net pension scheme liability	-	(369)

Notes to the Financial Statements
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25. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2019	2018
	£000	£000
Net interest cost	10	34
Total	10	34

On 26 October 2018, in a long-awaited ruling (Lloyds Banking Group), the High Court determined that defined benefit pension schemes will be required to equalise benefits for the effect of inequalities between males and females in respect of Guaranteed Minimum Pensions (GMP) accrued after 17 May 1990. BCCI therefore intends to carry out a one-off actuarial equivalence exercise, and has obtained an actuarial estimate that GMP Equalisation will increase the fund's liabilities by approximately 1.9%, an additional liability of £200,000 with additional net interest of £3,000. The total of £200,000 has been treated as a past service cost through the Income Statement.

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was £302,000 (2018 - £497,000).

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate	2.50	2.70
RPI price inflation	3.00	3.10
CPI price inflation	2.00	2.10
Rate of increase in payments	2.90	3.00
 Mortality rates	 Years	 Years
- for a male aged 65 now	21.7	22.0
- at 65 for a male aged 45 now	22.8	23.1
- for a female aged 65 now	23.7	23.8
- at 65 for a female member aged 45 now	24.9	25.1

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25. Pension commitments (continued)

An indication of the sensitivity of the liabilities to a change in the assumptions is provided in the table below:

	Increase in deficit £000
Discount rate before and after retirement increased by 0.1% p.a.	158
Inflation increased by 0.1% p.a.	108
Members live one year longer (-1 age rating)	339
10% fall in the value of equities held by the fund	253
	<u>253</u>

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Defined benefit obligation	(11,087)	(11,535)	(12,652)	(11,435)	(12,066)
Scheme assets	11,117	11,166	11,231	10,087	10,724
Surplus/(deficit)	<u>30</u>	<u>(369)</u>	<u>(1,421)</u>	<u>(1,348)</u>	<u>(1,342)</u>

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26. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Land and buildings		
Not later than 1 year	-	1
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>
	2019 £000	2018 £000
Other		
Not later than 1 year	43	31
Later than 1 year and not later than 5 years	58	26
	<hr/>	<hr/>
	101	57
	<hr/>	<hr/>

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Notes to the Financial Statements
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27. Related party transactions

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

	Sales 2019	Purchases	Balance at	Net sales/	Balance at
	2019	2019	year end	(purchases)	year end
	£000	£000	2019	2018	2018
			£000	£000	£000
AJN Awan - Awan Marketing	1	-	-	2	1
K Cooke - Sport 4 Life UK	1	-	-	-	-
M Froom - KPMG LLP	4	-	1	3	-
P Kehoe - Marketing					
Birmingham Limited	4	-	-	1	-
G J Lowson - Pinsent Masons	15	-	-	13	-
G J Lowson - Midlands Art					
Centre	2	-	-	1	-
G J Lowson - Birmingham					
Repertory Theatre Limited	1	-	-	2	-
T S D Pile - Congent Elliott	1	-	-	1	-
D J Waller - Nexus Creative	1	-	-	2	1
D J Waller - Delami					
Investments Limited	-	(12)	-	(12)	-
H E Bates and M S Bhatti -					
Millenium Point Trust	45	(1)	-	14	-
P J Faulkner - Birmingham					
Childrens Hospital	19	-	6	22	-
P J Faulkner and H E Bates -					
Performances Birmingham					
Limited	2	(41)	-	(6)	2
P J Faulkner - Birmingham					
Sport and Physical Activity					
Trust	1	-	-	1	-
P J Faulkner & G J Lowson -					
Cure Leukaemia	1	-	-	2	1
E L McKenzie - Heart of					
England Community					
Foundation	1	-	-	-	-
S D Allen - Mills & Reeve LLP	7	-	-	7	-
MS Bhatti - Younis Bhatti & Co					
Ltd	2	-	-	2	-

Other information

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

Key Management compensation

The Key Management personnel of the Company received total compensation of £670,000 (2017: £490,000) during the year.

28. Controlling party

The board considers that, due to the board membership of the BCCI, the Company has no ultimate controlling party.