

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2012**

Company no 02088545



**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

COMPANY INFORMATION

For the year ended 31 December 2012

Company number	02088545		
Registered Office	Aykley Heads Business Centre Aykley Heads Durham DH1 5TS		
Directors	J D A Ramsbotham J D Mowbray OBE C J McCourt		
Secretary	C J McCourt		
Bankers	Barclays Bank plc Tees View Sabatier Close Teesdale Business Park Stockton on Tees TS17 6EW		
Solicitors	Ward Hadaway Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX	Sintons LLP The Cube Barrack Road Newcastle upon Tyne NE4 6DB	Dickinson Dees LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX
Independent Auditor	Baker Tilly UK Audit LLP Registered Auditor Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD		

NORTH EAST CHAMBER OF COMMERCE (TRAINING) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal Activities

The North East Chamber of Commerce (Training) Limited is a wholly owned subsidiary of the North East Chamber of Commerce, Trade and Industry

The principal activity of the company is the provision of training and workforce development, in particular Apprenticeships which are funded by the Skills Funding Agency. The company also provides non funded training courses covering a wide variety of topics

Business Review and future outlook

The result for the year is set out on page 5 and reflects a significant improvement in trading performance during 2012 in what remain challenging economic conditions. Following rigorous review in previous years a strong focus on cost control remained throughout the year and contributed to the greatly improved trading. We continue to look at ways we can improve our services and make better use of technology to work more efficiently. During the year we have launched a new learner website for NECC Training and commenced a project to make better use of technology in the sign up of learners.

Turnover increased by around 11% in 2012 with a focus on maximising income seeing growth in the Programmes for the Unemployed provision. The market remains difficult with the continuing impact of the economic downturn seeing businesses continue to take longer to make buying decisions. Media coverage of the political debate on skills has raised the profile of apprenticeships and we have seen a number of businesses take apprentices for the first time during 2012.

During 2012 we reviewed and reorganised the business to streamline management, strengthen the sales team and review the range of programmes offered. We continue to focus on cost control and regularly review delivery of programmes to identify further efficiencies that can be made.

In 2013 the focus will remain on maintaining and improving the quality of our delivery and actively promoting the benefits of apprenticeships with businesses in the North East. Whilst conditions remain challenging and opportunities for income growth appear limited the latest forecasts indicate that the company will return a surplus in 2013.

Key performance indicators

The board monitors the performance of the business according to the following key performance indicators

- Percentage success rates for learners
- Number and takeup of Business Courses
- Numbers of learners and starts
- Overall profitability
- Debtor and Creditor days

In addition we monitor staff turnover, staff absence and customer complaints

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

Directors

The Membership of the Board is set out below

J D A Ramsbotham
J D Mowbray OBE
C J McCourt (appointed 12 October 2012)
M T Pellew (resigned 12 March 2012)

Directors' responsibilities for the financial statements

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial instruments

The company's principal financial instruments comprise cash at bank together with short term debtors and creditors arising from trading.

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

REPORT OF THE DIRECTORS

For the year ended 31 December 2012

Principal risks and uncertainties

General economic conditions

Trading conditions remain challenging not just for NECC but also our members. This continues to have an impact on all of our services including training. In response we have reorganised our business, streamlining management and strengthening the sales team and reviewing processes to improve efficiency of delivery. We recognise that our focus must remain on delivering high quality services and value for money whilst controlling costs closely.

Public Sector Funding

We are expecting no growth in funding within the 2013/14 contract and the market remains very competitive. In response we continue to invest in quality provision and customer service. NECC Training remains one of the largest, quality providers in the region with high success and completion rates.

Dividends

No dividends were paid during the year.

Auditor

A resolution to reappoint Baker Tilly UK Audit LLP will be proposed at the forthcoming Annual General Meeting.

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they 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 it has been communicated to the auditor.

ON BEHALF OF THE BOARD



C J McCourt
Director
28 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST CHAMBER OF COMMERCE (TRAINING) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



GARRY ELLIOTT (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

28 March 2013

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1	3,727,517	3,347,196
Cost of sales		<u>(2,062,429)</u>	<u>(2,206,131)</u>
Gross profit		1,665,088	1,141,065
Administration expenses		<u>(1,415,881)</u>	<u>(1,335,689)</u>
Operating profit/(loss)		249,207	(194,624)
Interest receivable	2	<u>124</u>	<u>159</u>
Profit/(loss) on ordinary activities before taxation	1	249,331	(194,465)
Tax on profit/(loss) on ordinary activities	4	<u>(37,832)</u>	<u>16,268</u>
Profit/(loss) for the year	10	<u>211,499</u>	<u>(178,197)</u>

The above results are derived from continuing operations

There were no recognised gains or losses other than the profit for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

BALANCE SHEET AT 31 DECEMBER 2012

Company Number 02088545

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	5	1,193,245	1,239,617
Current assets			
Debtors	6	2,690,825	2,639,773
Cash at bank and in hand		365,380	10,140
		<u>3,056,205</u>	<u>2,649,913</u>
Creditors Amounts falling due within one year	7	<u>(441,621)</u>	<u>(321,051)</u>
Net current assets		<u>2,614,584</u>	<u>2,328,862</u>
Total assets less current liabilities		<u>3,807,829</u>	<u>3,568,479</u>
Provisions for liabilities	8	<u>(39,411)</u>	<u>(11,560)</u>
Net assets		<u>3,768,418</u>	<u>3,556,919</u>
Reserves			
Called up share capital	9	2	2
Profit and loss account	10	3,768,416	3,556,917
Shareholders' funds	11	<u>3,768,418</u>	<u>3,556,919</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2013 and are signed on its behalf by



C J McCourt
Director

The accompanying accounting policies and notes form an integral part of these financial statements

NORTH EAST CHAMBER OF COMMERCE (TRAINING) LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2012

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

The company is exempt from the requirement to present a cash flow statement on the grounds that its cashflows are included in the consolidated financial statements of North East Chamber of Commerce, Trade and Industry (Limited by Guarantee)

The company had no borrowings at the year end or at any time during the year. The 2012 financial year resulted in an increase in cash of £355,240 and the closing cash balance at the year end was £365,380. Considerable efforts were made during 2011 to reduce operating costs and to generate additional sources of income. The benefits of these measures have been realised in 2012. The company has prepared detailed financial forecasts and projections and these suggest that in 2013 the company will continue to generate cash from operations. Based on these forecasts the company does not anticipate utilising any external borrowings in the foreseeable future.

After making enquiries based on the above factors, and taking into account reasonable possible changes in trading performance, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

TURNOVER

Turnover is the total amount receivable for services provided, excluding VAT. Training contracts are accounted for in the financial statements when training is delivered.

DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and impairment. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than leasehold land over their estimated useful economic lives. The rates applicable are:

Leasehold properties	Straight line over the life of the lease up to a maximum of 50 years
Fixtures and fittings	Straight line over 3 to 5 years

IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Movements in net realisable value and value-in-use, are recognised as impairments in the profit and loss account.

LEASED ASSETS

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2012

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION SCHEMES

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

GRANTS

Grants of a revenue nature are credited to the profit and loss account when the performance criteria for receipt are met

RELATED PARTY DISCLOSURE

The company has taken advantage of the exemption under Financial Reporting Standard No 8 whereby subsidiary undertakings do not have to disclose inter-group transactions if 90% or more of their shares are controlled within the group

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2012

CLASSIFICATION OF FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

Following the adoption of FRS25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the following classes of continuing business and arises wholly within the UK

	2012 £	2011 £
Income from youth and adult training	3,569,930	3,175,068
Sale of courses and other activities	157,587	172,128
	<u>3,727,517</u>	<u>3,347,196</u>

The profit/(loss) on ordinary activities is stated after charging

	2012 £	2011 £
Auditors' remuneration		
Audit	8,000	8,000
Depreciation – tangible fixed assets, owned	51,720	63,484
Operating lease rental		
Land and buildings	-	31,613
Plant and machinery	1,848	1,848

2 INTEREST RECEIVABLE

	2012 £	2011 £
Bank interest receivable	<u>124</u>	<u>159</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows

	2012 £	2011 £
Wages and salaries	1,577,673	1,561,699
Social security costs	92,501	133,652
Other pension costs	63,747	67,113
	<u>1,733,921</u>	<u>1,762,464</u>

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

3 DIRECTORS AND EMPLOYEES (CONTINUED)

The average number of employees of the company during the year was

	2012	2011
Training services	<u>75</u>	<u>73</u>

No directors received any remuneration in respect of their services provided during the year (2011 £nil)

During the year no directors (2011 nil) participated in the defined contribution pension scheme

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2012	2011
	£	£
The tax charge represents		
Corporation tax at 20.00% (2011 26.50%)	9,981	-
Adjustments in respect of previous year	<u>-</u>	<u>3,587</u>
Current tax charge	9,981	3,587
Deferred tax (note 8)	<u>27,851</u>	<u>(19,855)</u>
Tax on profit/(loss) on ordinary activities	<u>37,832</u>	<u>(16,268)</u>

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 20 00 % (2011 26 50%) The differences are explained as follows

	2012 £	2011 £
Profit/(loss) on ordinary activities before tax	<u>249,331</u>	<u>(194,465)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 00% (2011 26 50%)	49,866	(51,514)
Effect of		
Expenses not deductible for tax purposes	9,834	23,218
Capital allowances in excess of depreciation for the period	(16,286)	(16,433)
Group relief	(11,228)	-
Utilisation of tax losses	(22,205)	-
Unrelieved tax losses	-	44,729
Adjustment to tax charge in respect of previous year	<u>-</u>	<u>3,587</u>
Current tax charge for period	<u>9,981</u>	<u>3,587</u>

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

5 TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
As at 1 January 2012	1,878,602	869,312	2,747,914
Additions	-	5,348	5,348
As at 31 December 2012	<u>1,878,602</u>	<u>874,660</u>	<u>2,753,262</u>
Depreciation			
As at 1 January 2012	650,876	857,421	1,508,297
Charge for year	38,932	12,788	51,720
As at 31 December 2012	<u>689,808</u>	<u>870,209</u>	<u>1,560,017</u>
Net book value			
At 31 December 2012	<u>1,188,794</u>	<u>4,451</u>	<u>1,193,245</u>
At 31 December 2011	<u>1,227,726</u>	<u>11,891</u>	<u>1,239,617</u>

An impairment review of the carrying value of tangible fixed assets has been undertaken

The company considers that for the purpose of tangible fixed asset impairment testing it only has one income generating unit. Impairment is tested by calculating value in use by reference to discounted cash flow forecasts. These are based on approved forecasts for 2013 with assumptions of no growth in years thereafter. The discount rate used is 4.5% applied over a period of 50 years. Following this review the directors have concluded that no further impairment is required in 2012. No impairment charge was recorded in 2011.

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

6 DEBTORS

	2012 £	2011 £
Trade debtors	28,971	44,185
Amounts owed by parent undertaking	2,418,687	2,346,368
Prepayments and accrued income	243,167	249,220
	<u>2,690,825</u>	<u>2,639,773</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	29,057	80,385
Corporation tax	9,981	-
Other taxes and social security costs	42,754	49,334
Accruals and deferred income	359,829	191,332
	<u>441,621</u>	<u>321,051</u>

8 DEFERRED TAX

	Deferred tax £
At 1 January 2012	11,560
Movement in year (note 4)	<u>27,851</u>
At 31 December 2012	<u>39,411</u>
	Amount provided
	2012
	£
Fixed assets timing differences	40,774
Short term timing differences	(1,363)
Losses	-
	<u>39,411</u>
	Amount provided
	2011
	£
	46,327
	(1,000)
	(33,767)
	<u>11,560</u>

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

9 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 RESERVES

	Profit and loss account £
At 1 January 2012	3,556,917
Profit for the year	<u>211,499</u>
At 31 December 2012	<u>3,768,416</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit/(loss) for the financial year	211,499	(178,197)
Shareholders' funds at 1 January 2012	<u>3,556,919</u>	<u>3,735,116</u>
Shareholders' funds at 31 December 2012	<u>3,768,418</u>	<u>3,556,919</u>

12 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2012 or 31 December 2011

13 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2012 or 31 December 2011

**NORTH EAST CHAMBER OF COMMERCE
(TRAINING) LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

14 CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION SCHEMES

The company operates a Group Personal Pension Plan for the benefit of its employees. Contributions to the scheme are held separately from the group in an account in the name of each Pension Plan member. Contributions by the company to the scheme in the year amounted to £63,747 (2011: £67,113). Outstanding contributions at the year end amounted to £6,816 £ (2011: £7,098).

15 LEASING COMMITMENTS

Operating lease payments amounting to £1,848 (2011: £1,848) are due within one year. The leases to which these amounts relate expire as follows:

	2012	2011
	Other	Other
	£	£
In one year or less	-	-
Between two and five years	<u>1,848</u>	<u>1,848</u>
	<u>1,848</u>	<u>1,848</u>

16 TRANSACTIONS INVOLVING DIRECTORS

During the normal course of trade the company has not purchased goods or services and has not received contributions from organisations in which directors have a material interest.

17 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is its parent company North East Chamber of Commerce, Trade and Industry (Limited by Guarantee) by virtue of its 100% shareholding of the ordinary share capital in the company.