

Northern Skills Group Limited
(formerly North East Chamber of Commerce
(Training) Limited)

Annual report and financial statements

Registered number 02088545

7 month period ended 31 July 2016



Contents

Directors' Report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditor's report to the members of Northern Skills Group Limited (formerly North East Chamber of Commerce (Training) Limited)	5
Profit and Loss Account and Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes	10

Directors' Report

The directors present their annual report and the audited financial statements for the 7 month period ended 31 July 2016.

On 1 August 2016 the North East Chamber of Commerce (Training) Limited ("NECC Training") was acquired by Middlesbrough College from the North East Chamber of Commerce ("NECC"). As such, whilst at 31 July 2016 it was a wholly owned subsidiary of NECC, NECC Training became a wholly owned subsidiary of Middlesbrough College with effect from 1 August 2016. NECC Training changed its name to Northern Skills Group Limited on 1 November 2016.

Principal activities

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.

Dividend

Dividends paid during the period comprise an interim dividend in respect of the period ended 31 July 2016 of £411,532.50 per share.

Directors

The directors who held office during the period were as follows:

JDA Ramsbotham	(resigned 1 August 2016)
M Pavlou	
DJ Langley	(resigned 1 August 2016)
CJ McCourt	(resigned 1 August 2016)
Z Lewis	(appointed 1 August 2016)
R Davies	(appointed 1 August 2016)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period.

Principal risks and uncertainties

General economic conditions

The apprenticeship market continues to be competitive within the prevailing economic climate. The market is also impacted by uncertainties around apprenticeship policy, funding and, not least, the government's commitment to the published outline proposals for implementation and the fact that policy appears to be evolving in a piecemeal manner. The fact that non-levy payers will have to contribute to the costs of apprenticeship training has only recently found its way into policy, apparently following opinion expressed by Professor Alison Wolf in June before the House of Commons subcommittee on Education, Skills and the Economy illustrates the relatively nascent nature of the policy and perhaps explains employer reticence to engage at this early stage.

While we have observed a downturn in recruitment recently, the acquisition by Middlesbrough College brings opportunities for strengthening the provision and service to both apprentices and employers. Through merging resources of the company with that of Middlesbrough College, we will be better positioned (and will have a scale in the new market) that will position the company as one of the lead providers in the North of England with the opportunity to compete for national contracts.

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

Public sector funding

Competition for the available public sector skills funding remains significant, and the market for apprenticeships and apprenticeship funding in particular remains very competitive. In response we continue to invest in quality provision and customer service and to identify complementary alternative funding streams to supplement our core apprenticeship provision. NECC Training remains one of the largest, quality providers in the region with high success and completion rates.

Changes in funding for Apprenticeships

Following the acquisition by Middlesbrough College, the company's apprenticeship funding will now be in form of a funding body grant, rather than a contract for services which historically the company has had to secure by competitive tender upon expiry. This gives the company an element of certainty over funding for the following year and the process of flexing funds to fit strategic requirements has more clarity.

From April 2017, the Government will implement the Apprenticeship Levy which will require large employers to pay into a Levy system via HMRC. The funds will then be utilised to choose and contract with a training provider for the provision of apprenticeship training. The company is working closely with local employers to assist in the implementation of the new system to secure new business before its launch.

Risk management

The acquisition of NECC Training by Middlesbrough College gives both organisations mutual opportunity to extend their reach across the region while securing scale in the market place which will be increasingly important to apprenticeship levy paying organisations given the scale of their training requirements.

A collective review of systems, processes and structures is being conducted with the aim of fully integrating business operations from the 1 December 2016. In the interim, the management team is assuring business continuity and that the company continues to deliver business as usual while we prepare to transition to a new and uniform organisation of work, brand and associated working practices.

Going forward, the integrated businesses will report to and be held accountable by the Board of Middlesbrough College as part of the College's governance arrangements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

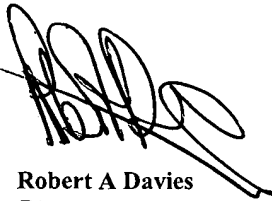
Directors' report *(continued)*

Auditor

As a result of the acquisition of North East Chamber of Commerce (Training) Limited by Middlesbrough College, the auditor, PricewaterhouseCoopers LLP will not be deemed to be reappointed.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the board

A handwritten signature in black ink, appearing to read 'Robert A Davies', with a long, sweeping flourish extending to the right.

Robert A Davies
Director

Dock Street
Middlesbrough
TS2 1AD

8 December 2016

Statement of directors' responsibilities in respect of the Directors' Report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report to the members of Northern Skills Group Limited (formerly North East Chamber of Commerce (Training) Limited)

Report on the financial statements

Our opinion

In our opinion, Northern Skills Group Limited (formerly North East chamber of Commerce (Training) Limited)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its loss for the 7 month period (the "period") then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 July 2016;
- the Profit and Loss Account and Other Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the Directors' Report and the financial statements set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

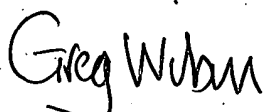
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Greg Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
15 December 2016

Profit and Loss Account and Other Comprehensive Income
for the 7 month period ended 31 July 2016

	<i>Note</i>	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Turnover	2	1,552,050	2,785,839
Cost of sales		(969,394)	(1,680,675)
Gross profit		582,656	1,105,164
Administrative expenses		(802,057)	(1,424,781)
Operating loss		(219,401)	(319,617)
Other income/(charges)	3	20,374	(158,653)
Other interest receivable and similar income	6	31	83
Loss on ordinary activities before taxation		(198,996)	(478,187)
Tax on loss on ordinary activities	7	74,463	31,177
Loss for the financial period/year		(124,533)	(447,010)
Other comprehensive expense			
Impairment of previously revalued asset		-	(13,556)
Total comprehensive expense for the Period/year, net of income tax		-	(13,556)
Total comprehensive expense for the		(124,533)	(460,566)

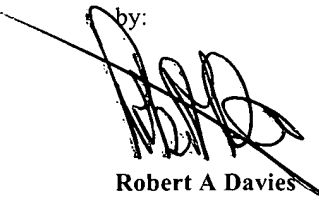
All activities of the company are continuing.

Balance Sheet
at 31 July 2016

	<i>Note</i>	31 July 2016	31 December 2015
		£	£
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	23,567	404,895
Investment property	10	-	760,000
		<hr/>	<hr/>
		23,567	1,164,895
Current assets			
Debtors	11	17,325	234,307
Cash at bank and in hand		-	160,596
		<hr/>	<hr/>
		17,325	394,903
Creditors: amounts falling due within one year	12	-	(496,845)
		<hr/>	<hr/>
Net current assets/(liabilities)		17,325	(101,942)
		<hr/>	<hr/>
Total assets less current liabilities		40,892	1,062,953
		<hr/>	<hr/>
Provisions for liabilities			
Deferred tax liability	13	(4,236)	(78,699)
		<hr/>	<hr/>
		(4,236)	(78,699)
		<hr/>	<hr/>
Net assets		36,656	984,254
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	2	2
Other reserves	14	-	-
Profit and loss account	14	36,654	984,252
		<hr/>	<hr/>
Shareholders' funds		36,656	984,254
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors on 8 December 2016 and were signed on its behalf by:


Robert A Davies
Director

Company registered number: 02088545

Statement of Changes in Equity

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 January 2015	2	163,556	1,281,262	1,444,820
Total comprehensive expense for the year				
Loss for the financial year	-	-	(447,010)	(447,010)
Other comprehensive expense (see note 14)	-	-	(13,556)	(13,556)
Total comprehensive expense for the year	-	-	(460,566)	(460,566)
Transfers	-	(163,556)	163,556	-
Balance at 31 December 2015	2	-	984,252	984,254
Balance at 1 January 2016	2	-	984,252	984,254
Total comprehensive expense for the period				
Loss for the financial period	-	-	(124,533)	(124,533)
Total comprehensive expense for the period	-	-	(124,533)	(124,533)
Transactions with owners, recorded directly in equity				
Dividends	-	-	(823,065)	(823,065)
Total distributions to owners	-	-	(823,065)	(823,065)
Balance at 31 July 2016	2	-	36,654	36,656

Notes

(forming part of the financial statements)

1 Accounting policies

Company information

North East Chamber of Commerce (Training) Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Dock Street, Middlesbrough, TS2 1AD.

The company's principal activities are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

(i) In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Turnover is recognised at the time training is delivered and in the case of funded training when the delivery has been verified by the funder.

The SFA contract under which the North East Chamber of Commerce (Training) Limited received funding up to 31 July 2016 was actually by the then parent, the North East Chamber of Commerce. All revenues and costs in relation to the business have been accounted for in NECC (Training) since commencement of the contract through to 31 July 2016 and all monies due from the SFA under the training contract were paid over to NECC (Training). Accounting for the substance of the transactions means the income, and the associated expenditure, assets and liabilities are recognised in these financial statements.

Notes (continued)

1 Accounting policies (continued)

Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software 3-5 years straight line

Tangible fixed assets

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:

Land and buildings leasehold Straight line over the life of the lease up to a maximum of 50 years

Fixtures, fittings and equipment Straight line over 3 to 5 years

Land and buildings

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous items are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. Fair value gains and losses are recognised in the income statement.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of the many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Taxation

Current tax

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Government grants

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred.

Agency arrangements

The company acts as an agent in the collection and payment of employer age grants for 16 to 18 year old apprentices. Related payments received from the main funding body and subsequent disbursements to employers are excluded from the income statement and are shown separately in note 19.

Notes (continued)

2 Turnover

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
<i>By activity</i>		
Income from youth and adult training	1,492,111	2,677,804
Sales of courses and other activities	59,939	108,035
	<u>1,552,050</u>	<u>2,785,839</u>
<i>By geographical market</i>		
United Kingdom	<u>1,552,050</u>	<u>2,785,839</u>

3 Other income/(charges)

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Fair value adjustments for investment property	-	(150,000)
Net gain/(loss) on disposal of tangible fixed assets	20,374	(8,653)
	<u>20,374</u>	<u>(158,653)</u>

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Impairment loss on tangible assets	-	62,000
Depreciation of tangible assets	18,297	26,651
	<u>18,297</u>	<u>26,651</u>

Auditor's remuneration:

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Audit of these financial statements	<u>9,500</u>	<u>9,000</u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period/year, analysed by category, was as follows:

	Number of employees	
	7 month period ended 31 July 2016	Year ended 31 December 2015
Training services	70	74

The aggregate payroll costs of these persons were as follows:

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Wages and salaries	827,209	1,309,004
Social security costs	55,970	38,964
Contributions to defined contribution plans	47,014	34,977
	<u>930,193</u>	<u>1,382,945</u>

No directors received any remuneration from the company in respect of their services provided during the period (2015: £nil).

During the period no directors (2015: nil) participated in the defined contribution pension scheme.

6 Other interest receivable and similar income

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Other interest receivable and similar income	31	83

Notes (continued)

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	7 month period ended 31 July 2016	Year ended 31 December 2015
	£	£
<i>Current tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	(76,430)	(20,183)
Change in tax rate	-	(10,987)
Adjustments in respect of prior periods	1,967	(7)
	<hr/>	<hr/>
Total deferred tax	(74,463)	(31,177)
	<hr/>	<hr/>
Total tax	(74,463)	(31,177)
	<hr/>	<hr/>

Reconciliation of effective tax rate

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Loss for the financial period/year	(124,533)	(447,010)
Total tax expense	(74,463)	(31,177)
	<hr/>	<hr/>
Loss excluding taxation	(198,996)	(478,187)
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	(39,799)	(96,833)
Chargeable losses	(10,889)	(30,370)
Reduction in tax rate on deferred tax balances	24,003	(8,467)
Non-deductible expenses	-	40,236
Group relief	45,723	61,728
Fixed asset differences	(95,468)	2,517
Other short term timing differences	-	19
Under/(over) provided in prior years	1,967	(7)
	<hr/>	<hr/>
Total tax expense included in profit or loss	(74,463)	(31,177)
	<hr/>	<hr/>

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015, giving rise to a reduction to the average rate from 20.25% in the prior year to 20% in these financial statements.

Notes (continued)

8 Intangible assets and goodwill

	Software £
Cost	
Balance at 1 January 2016 and 31 July 2016	39,852
Amortisation and impairment	
Balance at 1 January 2016 and 31 July 2016	39,852
Net book value	
At 1 January 2016	-
At 31 July 2016	-

There are no contractual commitments to acquire intangible assets (2015: £nil).

9 Tangible fixed assets

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
Balance at 1 January 2016	460,000	646,411	1,106,411
Additions	-	1,595	1,595
Disposals	(460,000)	-	(460,000)
Balance at 31 July 2016	-	648,006	648,006
Depreciation and impairment			
Balance at 1 January 2016	84,587	616,929	701,516
Depreciation charge for the period	10,787	7,510	18,297
Disposals	(95,374)	-	(95,374)
Balance at 31 July 2016	-	624,439	624,439
Net book value			
At 1 January 2016	375,413	29,482	404,895
At 31 July 2016	-	23,567	23,567

Leasehold land and buildings are held under a 125 year lease.

On 8 June 2016 the company disposed of its interest in the leasehold property to its then parent undertaking, The North East Chamber of Commerce, Trade and Industry for consideration of £1,145,000.

Notes (continued)

10 Investment property

	7 month period ended 31 July 2016 £
Balance at 1 January 2016	760,000
Disposals	(760,000)
	<hr/>
Balance at 31 July 2016	-
	<hr/>
Historical cost net book value	-
	<hr/>

£nil (2015: £760,000) of investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

Any gain or loss arising from a change in fair value is recognised in profit or loss.

The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The investment property was part of a leasehold office building used by the company and was held for rental income not resale.

On 8 June 2016 the company disposed of its interest in this leasehold property to its then parent undertaking the North East Chamber of Commerce, Trade and Industry for consideration of £1,145,000.

11 Debtors

	31 July 2016 £	31 December 2015 £
Trade debtors	-	23,193
Other debtors	17,325	211,114
	<hr/>	<hr/>
	17,325	234,307
	<hr/>	<hr/>
Due within one year	17,325	234,307
Due after more than one year	-	-
	<hr/>	<hr/>
	17,325	234,307
	<hr/>	<hr/>

Notes (continued)

12 Creditors: amounts falling due within one year

	31 July 2016 £	31 December 2015 £
Trade creditors	-	15,128
Amounts owed to group undertakings	-	201,916
Taxation and social security	-	54,247
Other creditors	-	225,554
	<u>-</u>	<u>496,845</u>

13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31 July 2016 £	31 December 2015 £
Accelerated capital allowances	4,236	68,899
Capital gains	-	9,800
	<u>4,236</u>	<u>78,699</u>

14 Capital and reserves

Share capital

	31 July 2016
Number of shares	
On issue at 1 January and 31 July - fully paid	<u>2</u>

	31 July 2016 £	31 December 2015 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

14 Capital and reserves (continued)

Other comprehensive income

Year ended 31 December 2015

	Profit and loss account £	Total Other comprehensive expense £
Other comprehensive expense		
Impairment of previously revalued asset	(13,556)	(13,556)
	<hr/>	<hr/>
Total other comprehensive expense	(13,556)	(13,556)
	<hr/>	<hr/>

7 month period ended 31 July 2016

	Profit and loss account £	Total Other comprehensive expense £
Other comprehensive expense	-	-
	<hr/>	<hr/>

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 July 2016 £	31 December 2015 £
Less than one year	52,875	-
Between one and five years	105,750	-
	<hr/>	<hr/>
	158,625	-
	<hr/>	<hr/>

During the period £nil was recognised as an expense in the profit and loss account in respect of operating leases (2015: £nil).

Leases as lessor

The investment property was let under operating leases to third parties until its disposal on 7 June 2016. The future minimum lease payments receivable under non-cancellable leases are as follows:

	31 July 2016 £	31 December 2015 £
Less than one year	-	50,955
	<hr/>	<hr/>

Notes (continued)

16 Related parties

No guarantees have been given or received.

The company has taken advantage of the exemption under section 33.1A of FRS 102, whereby subsidiary undertakings do not have to disclose intra-group transactions if 100% of their shares are controlled within the group.

17 Ultimate parent company and parent company of larger group

At the balance sheet date the Company was a subsidiary undertaking of North East Chamber of Commerce, Trade and Industry. The ultimate controlling party was North East Chamber of Commerce, Trade and Industry.

The largest and smallest group in which the results of the Company are consolidated is that headed by North East Chamber of Commerce, Trade and Industry, incorporated in England. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

On 1 August 2016 the entire issued share capital of the company was acquired by the Corporation of Middlesbrough College, and from this date the company became a subsidiary undertaking of Middlesbrough College.

18 Subsequent event

Subsequent to the balance sheet date, the entire issued share capital of the company was acquired by the Corporation of Middlesbrough College. Subsequently, on 1 November 2016 the company changed its name to Northern Skills Group Limited. The company has been rebranded under this name and will continue to trade as such.

19 Amounts disbursed as agent

	7 month period ended 31 July 2016 £	Year ended 31 December 2015 £
Funding body grants – employer age grants	136,500	324,000
Disbursed to employers	(136,500)	(324,000)
	<hr/>	<hr/>
Balance unspent as at the period/year end	-	-
	<hr/>	<hr/>

Employer age grants are available to certain employers of apprentices aged 16-18 years old. The company acts only as a paying agent. In these circumstances the grants and related disbursements are excluded from the income statement.