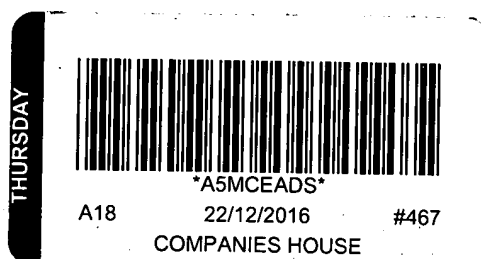


Company Registration No. 02441306 (England and Wales)

**NORTH EAST BUSINESS AND INNOVATION  
CENTRE LIMITED**

**COMPANY LIMITED BY GUARANTEE**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2016**



**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**COMPANY INFORMATION**

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<b>Directors</b>	J N Anderson CBE Canon B Hails P J McEldon K W Carrick
<b>Secretary</b>	P J McEldon
<b>Company number</b>	02441306
<b>Registered office</b>	Sunderland Enterprise Park Riverside Sunderland Tyne and Wear SR5 2TA
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD
<b>Bankers</b>	National Westminster 52 Fawcett Street Sunderland SR1 1SB
<b>Solicitors</b>	McKenzie Bell 19 John Street Sunderland SR1 1JG

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**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED  
COMPANY LIMITED BY GUARANTEE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present the strategic report for the year ended 31 March 2016.

**Fair review of the business**

The objects for which the group is established are:

- the promotion or encouragement of industrial or commercial activity or enterprise within the United Kingdom with particular reference to encouraging the formation of new businesses and development of existing business;
- to develop, secure and provide training, advisory, consultative and other support services and advice to and for individuals and businesses; and
- the provision and maintenance of business accommodation.

Considering the financial statements the financial and underlying performance of the group shows success during the year.

The directors would like to thank their staff for their excellent performance and continued efforts in taking the group forward.

**Principal risks and uncertainties**

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements and achieve its budgeted results. The principal risks and uncertainties are covered by the company's risk register which is actively maintained and reviewed.

On behalf of the board

J N Anderson CBE  
**Director**

15 December 2016



**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED  
COMPANY LIMITED BY GUARANTEE  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their annual report and financial statements for the year ended 31 March 2016.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J N Anderson CBE

Canon B Hails

P J McEldon

N C Vinther

K W Carrick

(Resigned 12 April 2015)

(Appointed 13 October 2016)

**Results and dividends**

The results for the year are set out on page 5.

**Auditor**

In accordance with the Companies Act 2006 a resolution proposing the appointment of RSM UK Audit LLP as auditor will be put to the members.

**Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**Strategic report**

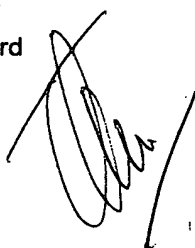
The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2014 to set out in the group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The strategic report is shown on page 1 of these consolidated financial statements.

On behalf of the board

J N Anderson CBE

Director

15 December 2016



**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED  
COMPANY LIMITED BY GUARANTEE  
DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

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The directors are responsible for preparing the Strategic Report and 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

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## Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 23. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's 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.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, 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.

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.

RSM UK Audit LLP

Iain Corner (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD  
16 December 2016

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

		<b>2016</b>	<b>2015</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Turnover	<b>3</b>	4,051,879	4,030,941
Administrative expenses		(3,637,167)	(3,633,773)
Other operating income	<b>4</b>	-	400,000
<b>Operating profit</b>	<b>4</b>	414,712	797,168
Interest receivable and similar income	<b>8</b>	5,084	4,042
<b>Profit on ordinary activities before taxation</b>		419,796	801,210
Taxation	<b>9</b>	(5,770)	(107,116)
<b>Profit for the financial year</b>	<b>21</b>	414,026	694,094
Retained earnings at 1 April 2015		12,110,162	11,416,068
Retained earnings at 31 March 2016		12,524,188	12,110,162

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	10	(68,799)		(68,799)	
Tangible assets	11	11,620,356		11,604,805	
		<u>11,551,557</u>		<u>11,536,006</u>	
<b>Current assets</b>					
Debtors	14	488,403		697,662	
Cash at bank and in hand		2,892,953		2,809,974	
		<u>3,381,356</u>		<u>3,507,636</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(770,116)</u>		<u>(995,508)</u>	
<b>Net current assets</b>		<u>2,611,240</u>		<u>2,512,128</u>	
<b>Total assets less current liabilities</b>		<u>14,162,797</u>		<u>14,048,134</u>	
<b>Creditors: amounts falling due after more than one year</b>	16	(1,493,197)		(1,804,789)	
<b>Provisions for liabilities</b>	18	<u>(145,412)</u>		<u>(133,183)</u>	
<b>Net assets</b>		<u><u>12,524,188</u></u>		<u><u>12,110,162</u></u>	
<b>Capital and reserves</b>					
Profit and loss reserves	21	<u><u>12,524,188</u></u>		<u><u>12,110,162</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 15 December 2016 and are signed on its behalf by:

J N Anderson CBE  
 Director



**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	11	11,620,356		11,604,805	
Investments	12		2		2
		<u>11,620,358</u>		<u>11,604,807</u>	
<b>Current assets</b>					
Debtors	14	381,662		475,894	
Cash at bank and in hand		<u>2,618,064</u>		<u>2,450,751</u>	
		2,999,726		2,926,645	
<b>Creditors: amounts falling due within one year</b>	15	<u>(736,061)</u>		<u>(791,110)</u>	
<b>Net current assets</b>		<u>2,263,665</u>		<u>2,135,535</u>	
<b>Total assets less current liabilities</b>		<u>13,884,023</u>		<u>13,740,342</u>	
<b>Creditors: amounts falling due after more than one year</b>	16	(1,493,197)		(1,804,789)	
<b>Provisions for liabilities</b>	18	<u>(145,412)</u>		<u>(133,183)</u>	
<b>Net assets</b>		<u><u>12,245,414</u></u>		<u><u>11,802,370</u></u>	
<b>Capital and reserves</b>					
Profit and loss reserves	21	<u><u>12,245,414</u></u>		<u><u>11,802,370</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 15 December 2016 and are signed on its behalf by:

J N Anderson CBE  
 Director

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED  
COMPANY LIMITED BY GUARANTEE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	208,630		437,780	
Income taxes paid		(81,760)		-	
<b>Net cash inflow from operating activities</b>		<u>126,870</u>		<u>437,780</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(48,099)		(75,113)	
Proceeds on disposal of tangible fixed assets		(876)		10,923	
Interest received		<u>5,084</u>		<u>4,042</u>	
<b>Net cash used in investing activities</b>		(43,891)		(60,148)	
<b>Net cash used in financing activities</b>		-		-	
<b>Net increase in cash and cash equivalents</b>		<u>82,979</u>		<u>377,632</u>	
Cash and cash equivalents at beginning of year		<u>2,809,974</u>		<u>2,432,342</u>	
<b>Cash and cash equivalents at end of year</b>		<u><u>2,892,953</u></u>		<u><u>2,809,974</u></u>	

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1 Accounting policies**

**Company information**

North East Business and Innovation Centre Limited is a company limited by shares incorporated in England and Wales. The registered office is Sunderland Enterprise Park, Riverside, Sunderland, Tyne and Wear, SR5 2TA.

The group consists of North East Business and Innovation Centre Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic 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.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 March 2016 are the first financial statements of North East Business and Innovation Centre Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The group and company financial statements for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £443,044 (2015 - £481,692 profit).

**Basis of consolidation**

The consolidated financial statements incorporate those of North East Business and Innovation Centre Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

---

**1 Accounting policies (Continued)**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

**Turnover**

The income shown in the statement of income and retained earnings represents the total of all government grants receivable in respect of revenue expenditure and all invoices raised to third parties for the provision of accommodation and other business support and services, exclusive of Value Added Tax.

**Intangible fixed assets - goodwill**

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in identifiable assets and liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which these non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit.

**Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation 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:

Freehold property	see below
Fixtures and fittings	straight line up to 20 years
Motor vehicles	straight line up to 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold property is depreciated to write down the cost less estimated residual value over its remaining useful life by equal annual instalments. Where buildings are maintained to such a standard that their residual value is not less than their cost or valuation, no depreciation is charged as it is not material.

**Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

---

**1 Accounting policies (Continued)**

**Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

**Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

---

**1 Accounting policies (Continued)**

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

***Taxation***

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 tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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 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.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

***Employee benefits***

The costs of short-term employee benefits are recognised as a liability and an expense.

***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.

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

---

**1 Accounting policies (Continued)**

**Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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 are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**2 Judgements and key sources of estimation uncertainty**

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Turnover and other revenue**

An analysis of the group's turnover is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Rental income	1,614,142	1,470,635
Other funding	2,437,737	2,560,306
	<u>4,051,879</u>	<u>4,030,941</u>
 <b>Other revenue</b>		
Interest income	<u>5,084</u>	<u>4,042</u>

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**3 Turnover and other revenue (Continued)**

**Turnover analysed by geographical market**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
United Kingdom	4,051,879	4,030,941

**4 Operating profit**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Amortisation of government grants	310,254	333,656
Depreciation of owned tangible fixed assets	33,516	14,687
(Profit)/loss on disposal of tangible fixed assets	(92)	1,122
Exceptional other operating income	-	(400,000)
Operating lease charges	20,639	26,214

Other operating income in the prior year of £400,000 is a distribution received on account from TEDCO Limited, a company in Members' Voluntary Liquidation.

**5 Auditor's remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	9,100	9,100
Audit of the company's subsidiaries	2,900	2,800
	12,000	11,900
<b>For other services</b>		
All other non-audit services	5,100	5,020

**6 Employees**

The average monthly number of persons (including directors) employed by the group during the year was:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Administrative staff	50	48
Management staff	12	12
	62	60



**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**6 Employees (Continued)**

Their aggregate remuneration comprised:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,468,150	1,397,959
Social security costs	140,140	113,523
Pension costs	111,050	79,363
	<u>1,808,624</u>	<u>1,590,845</u>

**7 Directors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	71,796	57,199
Company pension contributions to defined contribution schemes	16,132	16,735
	<u>87,928</u>	<u>73,934</u>

During the year one (2015: one) director accrued benefits under company pension schemes.

**8 Interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	5,084	4,042
	<u>5,084</u>	<u>4,042</u>

**9 Taxation**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
UK corporation tax on profits for the current period	(6,458)	55,095
<b>Deferred tax</b>		
Origination and reversal of timing differences	12,228	52,021
	<u>5,770</u>	<u>107,116</u>
<b>Total tax charge</b>	<u>5,770</u>	<u>107,116</u>

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**9 Taxation (Continued)**

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit before taxation	419,796	801,210
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	83,959	160,242
Tax effect of expenses that are not deductible in determining taxable profit	-	296
Tax effect of income not taxable in determining taxable profit	(62,051)	(66,731)
Tax effect of utilisation of tax losses not previously recognised	-	(11,679)
Depreciation in excess of capital allowances	-	24,284
Marginal relief	-	(1,205)
Effect of differing rates on the group tax	(16,138)	2,675
Sundry tax adjusting items	-	(766)
	<u>          </u>	<u>          </u>
Tax expense for the year	5,770	107,116
	<u>          </u>	<u>          </u>

**10 Intangible fixed assets**

<b>Group</b>	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2015 and 31 March 2016	(68,799)
	<u>          </u>
<b>Amortisation and impairment</b>	
At 1 April 2015 and 31 March 2016	-
	<u>          </u>
<b>Carrying amount</b>	
At 31 March 2016	(68,799)
	<u>          </u>
At 31 March 2015	(68,799)
	<u>          </u>

On 30 September 2014, North East Business and Innovation Centre Limited, acquired 100% of the share capital of TEDCO Business Support Limited for consideration of £1, paid in cash. There were no accounting policy alignment adjustments required to be made on acquisition. The book value and fair value on the acquisition date was £68,800. Therefore on consolidation negative goodwill of £68,799 arises.

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**11 Tangible fixed assets**

Group and company	Freehold property £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2015	11,400,000	191,731	48,568	11,640,299
Additions	-	28,405	19,694	48,099
Disposals	-	-	(7,500)	(7,500)
At 31 March 2016	11,400,000	220,136	60,762	11,680,898
<b>Depreciation and impairment</b>				
At 1 April 2015	-	21,347	14,146	35,493
Depreciation charged in the year	-	25,008	8,508	33,516
Eliminated in respect of disposals	-	-	(8,467)	(8,467)
At 31 March 2016	-	46,355	14,187	60,542
<b>Carrying amount</b>				
At 31 March 2016	11,400,000	173,781	46,575	11,620,356
At 31 March 2015	11,400,000	170,383	34,422	11,604,805

Land and buildings with a carrying amount of £11,400,000 were revalued at 31 March 2014 by Naylor's Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Cost	13,586,010	13,586,010	13,586,010	13,586,010
Accumulated depreciation	-	-	-	-
Carrying value	13,586,010	13,586,010	13,586,010	13,586,010

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**12 Fixed asset investments**

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	13	-	-	2	2

**Movements in fixed asset investments**  
**Company**

**Cost or valuation**

At 1 April 2015 & 31 March 2016

**Shares**  
**£**

2

**Carrying amount**

At 31 March 2016

2

At 31 March 2015

2

**13 Subsidiaries**

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
North East of England Business and Innovation Centre Limited	United Kingdom	Dormant	Ordinary	100.00	
TEDCO Business Support Limited	United Kingdom	Consultative and other support services	Ordinary	100.00	

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
North East of England Business and Innovation Centre Limited	1	1
TEDCO Business Support Limited	(29,018)	347,574

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**14 Debtors**

	<b>Group 2016</b>	<b>2015</b>	<b>Company 2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	207,253	245,803	124,412	92,287
Corporation tax recoverable	6,458	-	-	-
Amounts due from fellow group undertakings	-	-	1,632	250
Other debtors	5,001	28,832	-	-
Prepayments and accrued income	229,691	423,027	215,618	383,357
	<u>448,403</u>	<u>697,662</u>	<u>341,662</u>	<u>475,894</u>
<b>Amounts falling due after one year:</b>				
Other debtors	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
<b>Total debtors</b>	<u><b>488,403</b></u>	<u><b>697,662</b></u>	<u><b>381,662</b></u>	<u><b>475,894</b></u>

**15 Creditors: amounts falling due within one year**

	<b>Group 2016</b>	<b>2015</b>	<b>Company 2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	244,059	338,976	222,566	226,838
Amounts due to group undertakings	-	-	-	1
Corporation tax payable	-	81,761	-	-
Other taxation and social security	42,075	12,740	58,342	21,680
Other creditors	148,831	258,241	129,911	247,619
Accruals and deferred income	335,151	303,790	325,242	294,972
	<u>770,116</u>	<u>995,508</u>	<u>736,061</u>	<u>791,110</u>

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

		<b>Group 2016</b>	<b>2015</b>	<b>Company 2016</b>	<b>2015</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Government grants	19	<u>1,493,197</u>	<u>1,804,789</u>	<u>1,493,197</u>	<u>1,804,789</u>

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**17 Financial instruments**

	<b>Group 2016 £</b>	<b>2015 £</b>	<b>Company 2016 £</b>	<b>2015 £</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	3,145,207	3,084,609	2,784,108	2,543,288
Equity instruments measured at cost less impairment	-	-	2	2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	728,041	901,007	677,719	769,430
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**18 Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

<b>Group</b>	<b>Liabilities 2016 £</b>	<b>Liabilities 2015 £</b>
Excess of taxation allowances over depreciation	224,846	233,602
Tax losses	(79,434)	(100,419)
	<u>145,412</u>	<u>133,183</u>
	<u>          </u>	<u>          </u>
	<b>Liabilities 2016 £</b>	<b>Liabilities 2015 £</b>
<b>Company</b>		
Excess of taxation allowances over depreciation	224,846	233,602
Tax losses	(79,434)	(100,419)
	<u>145,412</u>	<u>133,183</u>
	<u>          </u>	<u>          </u>
	<b>Group 2016 £</b>	<b>Company 2016 £</b>
<b>Movements in the year:</b>		
Liability at 1 April 2015	133,183	133,183
Charge to profit or loss	12,229	12,229
	<u>145,412</u>	<u>145,412</u>
	<u>          </u>	<u>          </u>

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**19 Government grants**

The government grant was received in relation to the purchase of the fixed assets of the group. The grant income is amortised over its useful life. During the period £310,254 (2015: £333,656) was released to the statement of income and retained earnings.

**20 Retirement benefit schemes**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	111,050	96,098

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**21 Reserves**

**Profit and loss reserves**

Cumulative profit and loss.

**22 Operating lease commitments**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	15,549	16,709	15,549	16,709
Between two and five years	3,018	18,567	3,018	18,567
	<u>18,567</u>	<u>35,276</u>	<u>18,567</u>	<u>35,276</u>

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**23 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	89,502	76,708

**Transactions with related parties**

During the year the group entered into the following transactions with related parties:

	<b>Sale of services</b>		<b>Purchase of services</b>	
	2016 £	2015 £	2016 £	2015 £
<b>Group</b>				
Entities under common control	110,442	144,520	585	908

The following amounts were outstanding at the reporting end date:

	<b>Amounts owed by related parties 2016 Balance £</b>
<b>Group</b>	
Entities under common control	27,039

No guarantees have been given or received.

**24 Controlling party**

The company and group was under the control of its directors throughout the current and previous year.



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**25 Cash generated from group operations**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	414,026	694,094
Adjustments for:		
Taxation charged	5,770	107,116
Investment income	(5,084)	(4,042)
(Gain)/loss on disposal of tangible fixed assets	(92)	1,122
Depreciation and impairment of tangible fixed assets	33,516	14,687
Movements in working capital:		
Decrease/(increase) in debtors	215,717	(55,746)
(Decrease)/increase in creditors	(143,631)	14,205
Amortisation of government grants	(311,592)	(333,656)
<b>Cash generated from operations</b>	<b>208,630</b>	<b>437,780</b>

**26 Reconciliations on adoption of FRS 102**

There were no adjustments to equity on 1 April 2014, equity as at 31 March 2015 or to the profit for the year ended 31 March 2016 as a result of transitioning to FRS 102.