

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 2018**

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NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

COMPANY LIMITED BY GUARANTEE

COMPANY INFORMATION

Directors	J N Anderson CBE P J McEldon K W Carrick
Secretary	P J McEldon
Company number	02441306
Registered office	Sunderland Enterprise Park Riverside Sunderland Tyne and Wear SR5 2TA
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD
Solicitors	McKenzie Bell 47 John Street Sunderland SR1 1QU

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

COMPANY LIMITED BY GUARANTEE

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018. These financial statements include the results of the North East Business and Innovation Centre Limited and its wholly owned subsidiary Tedco Business Support Limited. The principal activities of North East Business and Innovation Centre Limited are shown below within the fair review of the business. The principal activity of its subsidiary, Tedco Business Support Limited, continued to be that of consultative and other support services.

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.

The profit for the year before taxation for the group amounted to £524k (2017: £544k), which includes profit attributable to the subsidiary of £47k (2017: £1.5k).

Net assets of the group amounted to £13,407k (2017: £12,932k) and show a strong balance sheet position.

The directors were satisfied at the performance of the company and the financial results achieved in 2017/18.

Principal risks and uncertainties

The effects of the announcement of Brexit on overall operations has been minimal during 17/18 with our 3 major ERDF funded projects being approved through until 2021 in July 2018.

The management objectives are to retain sufficient liquid funds to enable it to meet it's day to day requirements and achieve it's budgeted results.

The principal risks and uncertainties are covered by the company's risk register which is actively maintained and reviewed.

Future developments

Trading conditions in 2018/19 continue to be very challenging but the directors are confident of continuing a positive performance and of achieving maximum returns from the opportunities available.

Key performance indicators

Occupancy rates continue to be higher than budgeted with Sunderland averaging 90%, Washington 100% and Darlington 80% actual over 4 quarters (1-4) 2017/2018.

On behalf of the board


J N Anderson CBE

Director

Date: 19/12/18

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their annual report and financial statements for the year ended 31 March 2018.

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
P J McEldon
K W Carrick

Results and dividends

The results for the year are set out on page 6.

Auditor

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

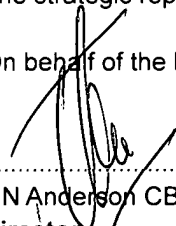
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director 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



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J N Anderson CBE
Director

Date: 19/12/18

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

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; and
- 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

Opinion

We have audited the financial statements of North East Business and Innovation Centre Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

20.12.18

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2018

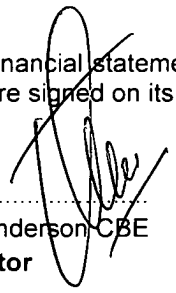
		2018	2017
	Notes	£	£
Turnover	3	5,205,351	5,195,208
Administrative expenses		(4,905,353)	(5,024,704)
Other operating income		217,951	252,993
Operating profit	4	517,949	423,497
Interest receivable and similar income	8	6,188	7,370
Profit before taxation		524,137	430,867
Taxation	9	(48,738)	(23,488)
Profit for the financial year	21	475,399	407,379
Retained earnings brought forward		12,931,567	12,524,188
Retained earnings carried forward		13,406,966	12,931,567

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

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Negative goodwill	10		-	(68,799)	
Tangible assets	11		11,618,369	11,574,979	
			<u>11,618,369</u>	<u>11,506,180</u>	
Current assets					
Debtors	14	1,262,379		868,524	
Cash at bank and in hand		2,717,848		3,005,361	
		<u>3,980,227</u>		<u>3,873,885</u>	
Creditors: amounts falling due within one year	15	(971,065)		(1,040,867)	
Net current assets			<u>3,009,162</u>	<u>2,833,018</u>	
Total assets less current liabilities			<u>14,627,531</u>	<u>14,339,198</u>	
Creditors: amounts falling due after more than one year	16		(1,022,253)	(1,240,204)	
Provisions for liabilities	18		(198,312)	(167,427)	
Net assets			<u><u>13,406,966</u></u>	<u><u>12,931,567</u></u>	
Capital and reserves					
Profit and loss reserves	21		<u><u>13,406,966</u></u>	<u><u>12,931,567</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 19/12/2018 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 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11	11,618,369		11,574,979	
Investments	12		2		2
		<u>11,618,371</u>		<u>11,574,981</u>	
Current assets					
Debtors	14	1,238,939		762,035	
Cash at bank and in hand		2,261,330		2,582,119	
		<u>3,500,269</u>		<u>3,344,154</u>	
Creditors: amounts falling due within one year	15	<u>(870,433)</u>		<u>(860,158)</u>	
Net current assets		<u>2,629,836</u>		<u>2,483,996</u>	
Total assets less current liabilities		<u>14,248,207</u>		<u>14,058,977</u>	
Creditors: amounts falling due after more than one year	16	(1,022,253)		(1,240,204)	
Provisions for liabilities	18	<u>(198,312)</u>		<u>(167,427)</u>	
Net assets		<u><u>13,027,642</u></u>		<u><u>12,651,346</u></u>	
Capital and reserves					
Profit and loss reserves	21	<u><u>13,027,642</u></u>		<u><u>12,651,346</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £376,296 (2017 - £405,932 profit).

The financial statements were approved by the board of directors and authorised for issue on 19/12/2018 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 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(183,846)		95,761
Income taxes (paid)/refunded			(1,763)		1
Net cash (outflow)/inflow from operating activities			(185,609)		95,762
Investing activities					
Purchase of tangible fixed assets		(119,293)		-	
Proceeds on disposal of tangible fixed assets		11,201		9,276	
Interest received		6,188		7,370	
Net cash (used in)/generated from investing activities			(101,904)		16,646
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(287,513)		112,408
Cash and cash equivalents at beginning of year			3,005,361		2,892,953
Cash and cash equivalents at end of year			<u>2,717,848</u>		<u>3,005,361</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

North East Business and Innovation Centre Limited is a company limited by guarantee 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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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).

All financial statements are made up to 31 March 2018. 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.

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.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Going concern

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

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.

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).

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.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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, amounts due from fellow group companies 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.

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, 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. Financial liabilities classified as payable within one year are not amortised.

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

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

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, 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 2018

1 Accounting policies (Continued)

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 leased asset are consumed.

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.

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:

	2018 £	2017 £
Turnover analysed by class of business		
Rental income	1,968,572	1,870,476
Other funding	3,236,779	3,324,732
	<u>5,205,351</u>	<u>5,195,208</u>
	2018 £	2017 £
Other revenue		
Interest income	6,188	7,370
Grants received	217,951	252,993
	<u></u>	<u></u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

3 Turnover and other revenue (Continued)

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	5,205,351	5,195,208
	<u> </u>	<u> </u>

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(217,951)	(252,993)
Depreciation of owned tangible fixed assets	66,480	35,485
(Profit)/loss on disposal of tangible fixed assets	(1,778)	616
Release of negative goodwill	(68,799)	-
Operating lease charges	17,113	28,273
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	7,800	7,500
Audit of the financial statements of the company's subsidiaries	4,700	4,500
	<u> </u>	<u> </u>
	12,500	12,000
	<u> </u>	<u> </u>
For other services		
All other non-audit services	16,675	5,450
	<u> </u>	<u> </u>

6 Employees

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

	2018	2017
	Number	Number
Administrative staff	72	57
Management staff	12	12
	<u> </u>	<u> </u>
	84	69
	<u> </u>	<u> </u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

6 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,832,399	1,630,876
Social security costs	177,965	122,657
Pension costs	88,304	111,222
	<u>2,098,668</u>	<u>1,864,755</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	72,075	72,073
Company pension contributions to defined contribution schemes	16,564	16,304
	<u>88,639</u>	<u>88,377</u>

During the year one (2017: one) director accrued benefits under company pension schemes.

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	6,188	7,370
	<u>6,188</u>	<u>7,370</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	11,555	1,474
Adjustments in respect of prior periods	8,221	-
Total current tax	<u>19,776</u>	<u>1,474</u>
Deferred tax		
Origination and reversal of timing differences	31,965	22,014
Adjustment in respect of prior periods	(3,003)	-
Total deferred tax	<u>28,962</u>	<u>22,014</u>
Total tax charge for the year	<u>48,738</u>	<u>23,488</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

9 Taxation (Continued)

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

	2018	2017
	£	£
Profit before taxation	524,137	430,867
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	99,586	86,173
Tax effect of expenses that are not deductible in determining taxable profit	950	123
Tax effect of income not taxable in determining taxable profit	(48,638)	(50,599)
Adjustments in respect of prior years	6,747	-
Under/(over) provided in prior years	(5,845)	-
Deferred tax adjustments in respect of prior years	(1,529)	(185)
Fixed asset differences	1,281	-
Effect of differing rates on the group tax	(3,814)	(13,410)
Sundry tax adjusting items	-	1,386
	<u> </u>	<u> </u>
Taxation charge for the year	48,738	23,488
	<u> </u>	<u> </u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

10 Intangible fixed assets

Group	Negative goodwill
	£
Cost	
At 1 April 2017 and 31 March 2018	(68,799)
Amortisation and impairment	
Amortisation charged for the year	(68,799)
At 31 March 2018	(68,799)
Carrying amount	
At 31 March 2018	-
At 31 March 2017	(68,799)

The company had no intangible fixed assets at 31 March 2018 or 31 March 2017.

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.

The group have obtained the benefit of the assets acquired and therefore the negative goodwill has been released in full to the Statement of Income and Retained Earnings in the year.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

11 Tangible fixed assets

Group and company	Freehold property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2017	11,400,000	220,136	45,391	11,665,527
Additions	-	98,378	20,915	119,293
Disposals	-	-	(25,697)	(25,697)
At 31 March 2018	11,400,000	318,514	40,609	11,759,123
Depreciation and impairment				
At 1 April 2017	-	71,364	19,184	90,548
Depreciation charged in the year	-	57,800	8,680	66,480
Eliminated in respect of disposals	-	-	(16,274)	(16,274)
At 31 March 2018	-	129,164	11,590	140,754
Carrying amount				
At 31 March 2018	11,400,000	189,350	29,019	11,618,369
At 31 March 2017	11,400,000	148,772	26,207	11,574,979

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 2018 £	2017 £	Company 2018 £	2017 £
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

12 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	13	-	-	2	2

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

12 Fixed asset investments
(Continued)

Movements in fixed asset investments
Company

**Shares in
group
undertakings
£**

Cost or valuation

At 1 April 2017 and 31 March 2018

2

Carrying amount

At 31 March 2018

2

At 31 March 2017

2

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 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	Business and Innovation Centre, Sunderland Enterprise Park, Sunderland, Tyne & Wear, SR5 2TA	Dormant Ordinary	100.00	
TEDCO Business Support Limited	See above	Consultative and other support services Ordinary	100.00	

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

14 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	218,954	165,952	205,991	135,184
Corporation tax recoverable	-	4,984	-	-
Amounts owed by group undertakings	-	-	6,000	7,585
Other debtors	315,774	171,136	315,773	152,000
Prepayments and accrued income	727,202	486,452	711,175	427,266
	<u>1,261,930</u>	<u>828,524</u>	<u>1,238,939</u>	<u>722,035</u>
Deferred tax asset (note 18)	449	-	-	-
	<u>1,262,379</u>	<u>828,524</u>	<u>1,238,939</u>	<u>722,035</u>
Amounts falling due after more than one year:				
Other debtors	-	40,000	-	40,000
	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total debtors	<u>1,262,379</u>	<u>868,524</u>	<u>1,238,939</u>	<u>762,035</u>

15 Creditors: amounts falling due within one year

	Group 2018 £	2017 £	Company 2018 £	2017 £
Trade creditors	154,797	193,313	132,886	153,726
Corporation tax payable	11,555	-	1,176	1,474
Other taxation and social security	109,439	110,357	99,799	99,586
Other creditors	241,857	192,007	241,857	192,007
Accruals and deferred income	453,417	545,190	394,715	413,365
	<u>971,065</u>	<u>1,040,867</u>	<u>870,433</u>	<u>860,158</u>

16 Creditors: amounts falling due after more than one year

		Group 2018 £	2017 £	Company 2018 £	2017 £
	Notes				
Government grants	19	<u>1,022,253</u>	<u>1,240,204</u>	<u>1,022,253</u>	<u>1,240,204</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

17 Financial instruments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,261,930	1,238,939	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	631,126	930,510	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

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:

	Liabilities	Liabilities	Assets	Assets
	2018	2017	2018	2017
	£	£	£	£
Group				
Excess of taxation allowances over depreciation	233,003	218,617	-	-
Tax losses	(34,691)	(51,190)	-	-
Short term timing differences	-	-	449	-
	198,312	167,427	449	-
Company				
Excess of taxation allowances over depreciation	233,003	218,617	-	-
Tax losses	(34,691)	(51,190)	-	-
	198,312	167,427	-	-

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

18 Deferred taxation (Continued)

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 April 2017	167,427	167,427
Charge to profit or loss	30,436	30,885
	<u>197,863</u>	<u>198,312</u>
Liability at 31 March 2018	<u>197,863</u>	<u>198,312</u>

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 £217,951 (2017: £252,993) was released to the statement of income and retained earnings.

20 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	88,304	111,222
	<u>88,304</u>	<u>111,222</u>

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.

The group has a commitment of £3,092 (2017: £nil) to be paid to the scheme at the year end not included in the balance sheet.

21 Reserves

Profit and loss reserves

Cumulative profit and loss:

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
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FOR THE YEAR ENDED 31 MARCH 2018

22 Operating lease commitments

Lessee

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:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	17,113	17,113	17,113	17,113
Between one and five years	4,278	21,391	4,278	21,391
	<u>21,391</u>	<u>38,504</u>	<u>21,391</u>	<u>38,504</u>

23 Related party transactions

Remuneration of key management personnel

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

	2018	2017
	£	£
Aggregate compensation	<u>96,071</u>	<u>96,113</u>

Transactions with related parties

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

	Sale of services	
	2018	2017
	£	£
Group		
Entities under common control	<u>-</u>	<u>98,014</u>

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.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

25 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	475,399	407,379
Adjustments for:		
Taxation charged	48,738	23,488
Investment income	(6,188)	(7,370)
(Gain)/loss on disposal of tangible fixed assets	(1,778)	616
Release of negative goodwill	(68,799)	-
Depreciation and impairment of tangible fixed assets	66,480	35,485
Movements in working capital:		
(Increase) in debtors	(398,390)	(381,595)
(Decrease)/increase in creditors	(81,357)	270,751
(Decrease) in deferred income	(217,951)	(252,993)
Cash (absorbed by)/generated from operations	(183,846)	95,761