

Company registration number 02441306 (England and Wales)

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

COMPANY INFORMATION

Directors	J N Anderson CBE P J McEldon K W Carrick D W Howell (Appointed 7 April 2021)
Secretary	P J McEldon
Company number	02441306
Registered office	Sunderland Enterprise Park Riverside Sunderland Tyne and Wear SR5 2TA
Auditor	RMT Accountants & Business Advisors Ltd Gosforth Park Avenue Newcastle upon Tyne NE12 8EG
Bankers	Natwest Bank PLC 52 Fawcett Street Sunderland Tyne and Wear SR1 1SB

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

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NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022. 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 the 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; and
- 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 £558k (2021 - £772k), which includes profit attributable to the subsidiary of £1k (2021 - £198k).

Net assets of the group amounted to £15,263k (2021 - £14,872k) and show a strong balance sheet position.

The directors were satisfied at the performance of the company and the financial results achieved in 2021/22.

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 principle risks and uncertainties are covered in the company's risk register which is actively maintained and reviewed and in this year centred around the effects of Covid on changes in business models on accommodation requirements and tenant business viability, none of which materialised.

Future developments

The situation post Covid continues to evolve and is constantly monitored by the board who are confident that although trading conditions remain challenging, the company will continue its positive performance and obtain a maximum return from any opportunities that become available.

Work will be ongoing during 22/23 to pursue alternative funding sources for our 3 major ERDF funded projects when they cease in June 23.

Key performance indicators

Occupancy rates continue to be higher than budgeted with Sunderland averaging 96% (2021 - 89%), Washington 100% (2021 - 100%) and Darlington 95% (2021 - 92%).

On behalf of the board

P J McEldon
Director

19 December 2022

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

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
D W Howell (Appointed 7 April 2021)

Results and dividends

The results for the year are set out on page 7.

Auditor

In accordance with the company's articles, a resolution proposing that RMT Accountants & Business Advisors Ltd be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the 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.

Strategic report

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

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 auditor of the company is unaware. Additionally, the directors individually 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 auditor of the company is aware of that information.

On behalf of the board

P J McEldon
Director

19 December 2022

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

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 2022 which comprise the group statement of income and retained earnings, the group statement of financial position, the company statement of financial position, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

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 or the directors' report.

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

- adequate accounting records have not been kept 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, 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 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

Capability of the audit in detecting irregularities, including fraud

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include GDPR, FCA regulations and landlord compliance.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence and legal costs incurred; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Stephen Slater
Senior Statutory Auditor
For and on behalf of RMT Accountants & Business Advisors Ltd
Statutory Auditor
Gosforth Park Avenue
Newcastle upon Tyne
NE12 8EG

19 December 2022

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

GROUP STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	£
Turnover	3	6,785,920	5,835,963
Administrative expenses		(6,375,866)	(5,586,333)
Other operating income		139,259	510,126
Operating profit	5	549,313	759,756
Interest receivable and similar income	8	8,649	12,509
Amounts written off investments		(1)	-
Profit before taxation		557,961	772,265
Tax on profit	9	(167,474)	(123,459)
Profit for the financial year		390,487	648,806
Retained earnings brought forward		14,872,486	14,223,680
Retained earnings carried forward		15,262,973	14,872,486

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11		11,740,356		11,718,158
Current assets					
Debtors	14	1,628,596		1,024,751	
Cash at bank and in hand		4,394,829		4,416,376	
		<u>6,023,425</u>		<u>5,441,127</u>	
Creditors: amounts falling due within one year	15	<u>(1,663,820)</u>		<u>(1,405,090)</u>	
Net current assets			<u>4,359,605</u>		<u>4,036,037</u>
Total assets less current liabilities			<u>16,099,961</u>		<u>15,754,195</u>
Creditors: amounts falling due after more than one year	16		(485,751)		(618,873)
Provisions for liabilities	17		(351,237)		(262,836)
Net assets			<u><u>15,262,973</u></u>		<u><u>14,872,486</u></u>
Capital and reserves					
Profit and loss reserves			<u><u>15,262,973</u></u>		<u><u>14,872,486</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2022 and are signed on its behalf by:

P J McEldon
Director

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		11,740,356		11,718,158
Investments	12		1		2
			<u>11,740,357</u>		<u>11,718,160</u>
Current assets					
Debtors	14	1,487,216		952,042	
Cash at bank and in hand		3,835,543		3,742,653	
		<u>5,322,759</u>		<u>4,694,695</u>	
Creditors: amounts falling due within one year	15	(1,596,624)		(1,292,047)	
Net current assets			<u>3,726,135</u>		<u>3,402,648</u>
Total assets less current liabilities			<u>15,466,492</u>		<u>15,120,808</u>
Creditors: amounts falling due after more than one year	16		(485,751)		(618,873)
Provisions for liabilities	17		(351,237)		(262,836)
Net assets			<u><u>14,629,504</u></u>		<u><u>14,239,099</u></u>
Capital and reserves					
Profit and loss reserves			<u><u>14,629,504</u></u>		<u><u>14,239,099</u></u>

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 £390,405 (2021 - £488,779).

The financial statements were approved by the board of directors and authorised for issue on 19 December 2022 and are signed on its behalf by:

P J McEldon
Director

Company Registration No. 02441306

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	21	124,521		985,229	
Income taxes paid		(119,320)		(40,549)	
Net cash inflow from operating activities		5,201		944,680	
Investing activities					
Purchase of tangible fixed assets		(35,396)		-	
Proceeds from disposal of tangible fixed assets		-		12,000	
Disposal of investments		(1)		-	
Interest received		8,649		12,509	
Net cash (used in)/generated from investing activities		(26,748)		24,509	
Net (decrease)/increase in cash and cash equivalents		(21,547)		969,189	
Cash and cash equivalents at beginning of year		4,416,376		3,447,187	
Cash and cash equivalents at end of year		4,394,829		4,416,376	

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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.

1.1 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 group. 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.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company North East Business and Innovation Centre Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. 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.

In the parent company financial statements, 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.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable in respect of government grants relating to revenue expenditure and for the provision of accommodation and other business support and services provided in the normal course of business. Turnover is shown net of VAT and other sales related taxes.

Revenue from contracts for the provision of professional services included to the extent of the completion of the contract or service concerned.

1.5 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.

1.6 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 recognised in the income statement.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.8 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).

1.9 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 in the group's statement of financial position 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including 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. 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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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.

1.15 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.

The current year income statement includes amounts of £31,784 (2021 - £387,651) received in relation to the coronavirus job retention scheme grants.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

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

Determining residual values and useful economic lives of tangible fixed assets

The group depreciate tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management.

Judgement is applied by management when determining the residual values for tangible assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset expected at the end of its useful life.

The carrying amount of tangible assets at the reporting end date was £11,740,356 (2021 - £11,718,158).

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Rental income	2,172,954	2,032,518
Other funding	4,612,966	3,803,445
	<u>6,785,920</u>	<u>5,835,963</u>
	2022	2021
	£	£
Other revenue		
Grants received	107,475	122,475
Coronavirus Job Retention Scheme	31,784	387,651
	<u>139,259</u>	<u>510,126</u>

Turnover and grants received have arisen wholly within the UK.

4 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	8,000	8,000
Audit of the financial statements of the company's subsidiaries	4,000	4,000
	<u>12,000</u>	<u>12,000</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	13,198	10,505
Operating lease charges	45,936	59,148
	<u>59,134</u>	<u>69,653</u>

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administrative staff	79	70	59	51
Management staff	16	16	16	16
Total	<u>95</u>	<u>86</u>	<u>75</u>	<u>67</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	2,501,632	2,334,582	1,979,533	1,841,117
Social security costs	246,876	204,299	195,324	158,006
Pension costs	147,447	132,015	116,856	108,058
	<u>2,895,955</u>	<u>2,670,896</u>	<u>2,291,713</u>	<u>2,107,181</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	62,204	61,809
Company pension contributions to defined contribution schemes	24,462	16,896
	<u>86,666</u>	<u>78,705</u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	8,649	12,509
	<u>8,649</u>	<u>12,509</u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	79,073	119,320
	<u>79,073</u>	<u>119,320</u>
Deferred tax		
Origination and reversal of timing differences	88,401	4,139
	<u>88,401</u>	<u>4,139</u>
Total tax charge	<u>167,474</u>	<u>123,459</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	557,961	772,265
	<u>557,961</u>	<u>772,265</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	106,013	146,730
Tax effect of income not taxable in determining taxable profit	(26,940)	(23,271)
Deferred taxation	88,401	-
	<u>88,401</u>	<u>-</u>
Taxation charge	<u>167,474</u>	<u>123,459</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Intangible fixed assets

Group	Negative goodwill £
Cost	
At 1 April 2021 and 31 March 2022	(68,799)
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	(68,799)
Carrying amount	
At 31 March 2022	-
At 31 March 2021	-

The company had no intangible fixed assets at 31 March 2022 or 31 March 2021.

On 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 a previous year.

11 Tangible fixed assets

Group and company	Freehold property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2021	11,620,000	269,097	19,694	11,908,791
Additions	-	-	35,396	35,396
Disposals	-	(98,377)	-	(98,377)
At 31 March 2022	11,620,000	170,720	55,090	11,845,810
Depreciation and impairment				
At 1 April 2021	-	170,939	19,694	190,633
Depreciation charged in the year	-	8,536	4,662	13,198
Eliminated in respect of disposals	-	(98,377)	-	(98,377)
At 31 March 2022	-	81,098	24,356	105,454
Carrying amount				
At 31 March 2022	11,620,000	89,622	30,734	11,740,356
At 31 March 2021	11,620,000	98,158	-	11,718,158

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	1	2
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 April 2021	2
Disposals	(1)
	<u> </u>
At 31 March 2022	1
	<u> </u>
Carrying amount	
At 31 March 2022	1
	<u> </u>
At 31 March 2021	2
	<u> </u>

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
TEDCO Business Support Limited	1	Consultative and other support services	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 Business and Innovation Centre, Sunderland Enterprise Park, Sunderland, Tyne & Wear, SR5 2TA

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

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
TEDCO Business Support Limited	634,766	1,378
	<u> </u>	<u> </u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	196,654	262,478	185,334	235,391
Amounts owed by group undertakings	-	-	120	180
Other debtors	342,432	318,660	318,868	318,659
Prepayments and accrued income	1,089,510	443,613	982,894	397,812
	<u>1,628,596</u>	<u>1,024,751</u>	<u>1,487,216</u>	<u>952,042</u>

15 Creditors: amounts falling due within one year

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Trade creditors	238,868	278,842	208,356	244,867
Corporation tax payable	79,073	119,320	78,616	81,783
Other taxation and social security	179,048	110,532	155,241	75,497
Other creditors	512,942	309,680	506,084	308,447
Accruals and deferred income	653,889	586,716	648,327	581,453
	<u>1,663,820</u>	<u>1,405,090</u>	<u>1,596,624</u>	<u>1,292,047</u>

16 Creditors: amounts falling due after more than one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Deferred income	18	<u>485,751</u>	<u>618,873</u>	<u>485,751</u>	<u>618,873</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022	Liabilities 2021
	£	£
Group		
Accelerated capital allowances	262,836	258,696
Revaluations	88,401	4,140
	<u>351,237</u>	<u>262,836</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Deferred taxation (Continued)

	Liabilities 2022 £	Liabilities 2021 £
Company		
Accelerated capital allowances	262,836	258,696
Revaluations	88,401	4,140
	<u>351,237</u>	<u>262,836</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 April 2021	262,836	262,836
Charge to profit or loss	88,401	88,401
	<u>351,237</u>	<u>351,237</u>

18 Deferred income

	Group 2022 £	2021 £	Company 2022 £	2021 £
Arising from government grants	466,475	573,950	466,475	573,950
Other deferred income	19,276	44,923	19,276	44,923
	<u>485,751</u>	<u>618,873</u>	<u>485,751</u>	<u>618,873</u>

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 £107,475 (2021 - £122,475) was released to the statement of income and retained earnings.

19 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	147,447	132,015

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.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

21 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	390,487	648,806
Adjustments for:		
Taxation charged	167,474	123,459
Investment income	(8,649)	(12,509)
Gain on disposal of tangible fixed assets	-	(1,194)
Depreciation and impairment of tangible fixed assets	13,198	10,505
Other gains and losses	1	-
Movements in working capital:		
(Increase)/decrease in debtors	(603,845)	348,315
Increase in creditors	298,977	10,644
Decrease in deferred income	(133,122)	(142,797)
Cash generated from operations	124,521	985,229

22 Analysis of changes in net funds - group

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	4,416,376	(21,547)	4,394,829

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.