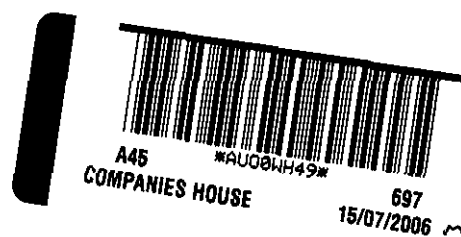


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**NORTH EAST CHAMBER OF COMMERCE,
TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2005**



Company number: 2938084

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

COMPANY INFORMATION

For the year ended 31 December 2005

Company number: 2938084

Registered Office: Aykley Heads Business Centre
Aykley Heads
Durham
DH1 5TS

Directors and Council Members:	R J Bottomley	R Cuffe (resigned 8 March 2006)
	Sir Kenneth Calman	J D Mowbray
	J G Irwin (resigned 14 June 2005)	A J Robinson (resigned 9 February 2005)
	D W Midgley	R Swart (resigned 18 April 2005)
	E M Nunn	D Coppock (resigned 21 March 2006)
	G Cowcher (resigned 6 March 2006)	R Evans
	Sir Neville Trotter	H Hasnain
	D J M Wilson	A Hunter – Love (resigned 22 March 2006)
	A Ferguson	D Icton
	M Pavlou	D Middleton
	J Fryer	M Pellew
	F Major (resigned 11 July 2005)	M H Thurlbeck
	I S Robertson	C Hodgson
	N A Barker	C P Beaumont
	S J McGrath	C Jobe
	W J McGawley	D O'Mahoney
	M K Davies	G J Ford
	P J Young (appointed 21 February 2005)	R W Stainforth (appointed 18 April 2005)
	P B Moran (appointed 17 October 2005)	

Secretary: I S Robertson

Bankers: Barclays Bank plc
Market Place Business Centre
6/7 Market Place
Durham
DH1 3ND

Solicitors: Eversheds
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

Independent
Auditors: Baker Tilly
Registered Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

INDEX	PAGE
Report of the directors	1 - 3
Report of the independent auditors	4 - 5
Principal accounting policies	6 - 7
Consolidated profit and loss account	8
Consolidated balance sheet	9
Balance sheet	10
Consolidated cash flow statement	11
Note of historical cost profits and losses	12
Notes to the financial statements	13 - 23

NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

For the year ended 31 December 2005

The members of the Council present their report together with the group financial statements for the year ended 31 December 2005.

The company is limited by guarantee. Each member of the company is liable to the extent of £1.00 in the event of the company being wound up and there being insufficient assets to pay off all the liabilities.

Principal activities and business review

The principal activity of the company is to provide independent representation of the interests of its members and generally contribute to the improvement of the conditions and trading environment in which businesses operate in the region.

The company has two trading subsidiaries. North East Chamber of Commerce (Training) Limited whose principal activity is the provision of training courses and North East Regional International Trade Office Limited (formerly North East Chamber of Commerce Worldwide Trade Limited) whose principal activity is the provision of International Trade Services.

During the year the company formed The Chamber Healthcare Trust whose principal activity is the provision of healthcare insurance. The company has consolidated the results and net assets of The Chamber Healthcare Trust in these financial statements on the basis that it has the ability to exercise control over The Chamber Healthcare Trust. Should this trust ever cease to trade and be wound up, any surplus in the trust will be donated to a charity nominated by the trustees.

The group has a joint venture agreement in Peat Rigg Training Centre Limited. The principal activity of this company is the provision of personal development services at its residential centre. The company ceased trading on 25 April 2005.

The group also has a joint venture in Aspire Partnership Limited. The principal activity of this company is to raise the educational and employment aspirations of young people in the region.

There was a group profit for the year after taxation of £406,977 (2004: £711,677).

The members of the Council consider the results for the year to be satisfactory.

Board structure

Members of the Council constitute directors of the company for the purposes of the Companies Act 1985. The directors who served during the year are detailed in the company information set out at the start of this report.

The Board of Directors mainly comprises non-executive directors. Therefore in exercising their responsibilities the Council rely on the competence and probity of the executives of the company and on proper professional advice.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

REPORT OF THE DIRECTORS

For the year ended 31 December 2005

Principles of corporate governance

The Council appreciates the value of good corporate governance. It believes that corporate governance principles should be applied in a sensible and pragmatic fashion having regard to the individual circumstances of the Chamber. The key objective is to enhance and protect members' interests.

The Council has established the following standing committees to assist the full Board in the exercise of its responsibilities.

Remuneration Committee

The remuneration committee is chaired by M Pavlou (President) and includes R J Bottomley, J Fryer, P B Moran and A Ferguson. This Committee is responsible for reviewing and determining executive remuneration, having regard to a general policy framework for executive remuneration established by the Board. An analysis of directors' and employees' remuneration appears on page 14.

Audit Committee

The audit committee is chaired by P B Moran and includes M Pellew, R J Bottomley and J Fryer. The committee's terms of reference include the review of the annual accounts to be issued to the members, the accounting policies of the group, compliance with Financial Reporting Standards, internal controls and the planning, scope and conclusions of the external auditor's programme.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group 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 estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

REPORT OF THE DIRECTORS

For the year ended 31 December 2005

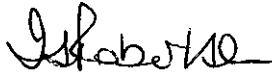
Land and Buildings

An independent valuation of freehold and long leasehold land and buildings on the basis of their open market value was undertaken in the year ended 31 December 2002. The value attributed was £3,130,000, which is in excess of the book value. It is not the intention of the Directors to reflect this valuation within the financial statements.

Auditors

Baker Tilly offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE COUNCIL



I S Robertson
Secretary

24 April 2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

We have audited the financial statements on pages 6 to 23.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. *This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.* Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the company's affairs at 31 December 2005 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BAKER TILLY
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
1 ST JAMES' GATE
NEWCASTLE UPON TYNE
NE1 4AD**

24 April 2006

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2005

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except that certain of the freehold land and buildings are shown at their revalued amounts and the investment in a subsidiary undertaking is revalued in the parent company balance sheet.

The directors have reviewed the accounting policies in accordance with Financial Reporting Standard No 18 - Accounting Policies, and consider them to be the most appropriate policies and estimation techniques.

The following new standards have been applied for the first time: FRS21 'Events after the balance sheet date'; the presentation requirements of FRS25 'Financial Instruments: presentation and disclosure'; and FRS 28 'corresponding amounts'.

None of the above have a material effect on the final statements.

Other than the above, the principal accounting policies of the group have remained unchanged from the previous year and are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company, its subsidiary undertakings and undertakings over which it exercises control. These assets are drawn up to 31 December 2005. Profits or losses on intra-group transactions are eliminated in full.

A subsidiary undertaking, North East Chamber of Commerce (Training) Limited, is valued in the parent company balance sheet at the company's share of net assets. This represents a departure from the historic cost convention.

JOINT VENTURES

The group financial statements incorporate the joint ventures under the gross equity method of accounting.

TURNOVER

Turnover is the total amount receivable for services provided, excluding VAT. Income is derived from members' subscriptions, business and international trade services including grant funding receivable to cover the costs allocated in providing certain international trade services and the provision of training courses and contracts. Training contracts are accounted for in the financial statements when training is delivered.

DEPRECIATION

No depreciation is provided on freehold land. Depreciation is calculated on other fixed assets to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Freehold land and buildings	Straight line over fifty years
Leasehold properties	Straight line over the life of the lease up to a maximum of fifty years
Fixtures and fittings	Straight line over 3 to 5 years
Motor vehicles	Straight line over 4 years

The directors have taken advantage of the transitional rules of Financial Reporting Standard No 15 and have not updated the valuation of the freehold properties from the 1991 valuation.

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2005

LEASED ASSETS

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

TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounts and taxation purposes.

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION SCHEMES

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

GRANTS

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant accounts.

Grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover: group and share of joint ventures		12,603,002	10,934,294
Less: share of joint ventures turnover		<u>(773,621)</u>	<u>(79,804)</u>
Group turnover	1	11,829,381	10,854,490
Cost of sales		<u>(7,163,899)</u>	<u>(6,441,724)</u>
Gross profit		4,665,482	4,412,766
Administrative expenses		<u>(4,404,098)</u>	<u>(3,404,010)</u>
Other operating income	1	<u>134,063</u>	<u>63,966</u>
Group operating profit		395,447	1,072,722
Share of operating loss of joint ventures		<u>(9,877)</u>	<u>(13,897)</u>
Total operating profit		385,570	1,058,825
Interest receivable	2	53,609	10,246
Interest payable	2	<u>-</u>	<u>(27,299)</u>
Profit on ordinary activities before taxation	1	439,179	1,041,772
Tax on profit on ordinary activities	4	<u>(32,202)</u>	<u>(330,095)</u>
Profit for the year transferred to reserves	11	<u>406,977</u>	<u>711,677</u>

All activities of the group relate to continuing operations.

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

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

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	6	3,002,079	2,997,734
Investments			
Joint ventures	7		
Share of gross assets		160,475	26,610
Share of gross liabilities		(164,274)	(20,532)
		<u>(3,799)</u>	<u>6,078</u>
		2,998,280	3,003,812
Current assets			
Debtors	8	3,622,893	3,686,821
Cash at bank and in hand		<u>1,169,901</u>	<u>778,675</u>
		4,792,794	4,465,496
Creditors: Amounts falling due within one year	9	<u>(4,044,855)</u>	<u>(4,128,638)</u>
Net current assets		<u>747,939</u>	<u>336,858</u>
Total assets less current liabilities		3,746,219	3,340,670
Provision for liabilities and charges	10	<u>-</u>	<u>(1,428)</u>
Net assets		<u>3,746,219</u>	<u>3,339,242</u>
Reserves			
Revaluation reserve	11	22,927	24,507
Profit and loss account	11	<u>3,723,292</u>	<u>3,314,735</u>
		<u>3,746,219</u>	<u>3,339,242</u>

The financial statements were approved by the Council on 24 April 2006 and signed on its behalf by:

M Pavlou  Director

P B Moran  Director

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

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

BALANCE SHEET AT 31 DECEMBER 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	6	887,486	904,590
Investments	7	<u>5,363,688</u>	<u>4,594,505</u>
		6,251,174	5,499,095
Current assets			
Debtors	8	1,365,057	1,249,195
Cash at bank and in hand		<u>103,271</u>	<u>128,979</u>
		1,468,328	1,378,174
Creditors: Amounts falling due within one year	9	<u>(4,015,499)</u>	<u>(3,511,077)</u>
Net current liabilities		<u>(2,547,171)</u>	<u>(2,132,903)</u>
Net assets		<u>3,704,003</u>	<u>3,366,192</u>
Reserves			
Revaluation reserve	11	5,363,687	4,594,504
Profit and loss account	11	<u>(1,659,684)</u>	<u>(1,228,312)</u>
		<u>3,704,003</u>	<u>3,366,192</u>

The financial statements were approved by the Council on 24 April 2006 and signed on its behalf by:

M Pavlou  Director

P B Moran  Director

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

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	Note	2005 £	2004 £
Net cash inflow from operating activities	12	847,119	1,153,106
Returns on investments and servicing of finance			
Interest received		53,609	10,246
Interest paid		<u>-</u>	<u>(27,299)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance		53,609	(17,053)
Taxation		(246,247)	(347,029)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(269,968)	(146,418)
Sale of tangible fixed assets		<u>6,713</u>	<u>10,246</u>
Net cash outflow from capital expenditure and financial investment		(263,255)	(136,172)
Financing			
Repayment of borrowings		<u>-</u>	<u>(232,783)</u>
Net cash outflow from financing		<u>-</u>	<u>(232,783)</u>
Increase in cash	14	<u>391,226</u>	<u>420,069</u>

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

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2005

	2005 £	2004 £
NOTE OF HISTORICAL COST PROFITS AND LOSSES		
Profit on ordinary activities before taxation	439,179	1,041,772
Difference between historical cost depreciation charge and depreciation charge based on the revalued amounts	<u>1,580</u>	<u>1,580</u>
Historical cost profit on ordinary activities before taxation	<u>440,759</u>	<u>1,043,352</u>
Historical cost profit retained	<u>408,557</u>	<u>713,257</u>

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

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the following classes of continuing business:	2005	2004
	£	£
Membership subscriptions	1,021,540	1,005,279
Business services	955,821	1,018,798
International trade	1,735,862	1,257,873
Training	8,116,158	7,572,540
	<u>11,829,381</u>	<u>10,854,490</u>
The profit on ordinary activities is stated after charging/(crediting):	2005	2004
	£	£
Auditors' remuneration:		
Audit - Group	22,500	19,000
Audit - Company	9,500	8,000
Depreciation – tangible fixed assets, owned	260,516	235,910
Operating lease rental:		
Land and buildings	201,343	223,841
Plant and machinery	65,514	78,033
Hire of equipment	23,514	34,904
Other operating income	<u>(134,063)</u>	<u>(63,966)</u>

2 INTEREST

	2005	2004
	£	£
Bank and other interest receivable	<u>53,609</u>	<u>10,246</u>
Other interest payable	<u>-</u>	<u>27,299</u>

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2005	2004
	£	£
Wages and salaries	4,826,223	4,055,161
Social security costs	437,713	378,267
Other pension costs	232,261	199,999
	<u>5,496,197</u>	<u>4,633,427</u>

The average number of employees of the group during the year was:

	2005	2004
	Number	Number
Chamber services	76	71
Training services	138	139
International trade	16	8
Administration	11	11
	<u>241</u>	<u>229</u>

Remuneration in respect of directors was as follows:

	2005	2004
	£	£
Emoluments	172,144	158,038
Pension contributions to money purchase pension scheme	17,560	16,060
	<u>189,704</u>	<u>174,098</u>

During the year two directors (2004: two) participated in a money purchase pension scheme.

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
The net tax charge represents:		
Corporation tax at 30% (2004: 30%)	123,476	334,815
Deferred tax (note 10)	(1,428)	1,428
Deferred tax (note 8)	806	(2,366)
	<u>122,854</u>	<u>333,877</u>
Adjustments in respect of prior year:		
Corporation tax	(90,652)	(3,782)
	<u>32,202</u>	<u>330,095</u>

Unrelieved tax losses of £105,000 (2004: £94,000) remain available to offset against future taxable trading profits of the group. These losses represent an unprovided deferred tax asset of £30,000 (2004: £28,000). This asset has not been recognised due to uncertainty surrounding its future recovery. There is a further unprovided deferred tax asset of £53,000 (2004: £nil) in respect of accelerated capital allowances which has not been provided again due to uncertainty surrounding its future recovery.

The significant adjustment in respect of prior years liability of £90,652 arises from a successful exercise undertaken to identify additional capital allowances.

The tax assessed for the current period is lower than (2004: higher than) the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained as follows:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>439,179</u>	<u>1,041,772</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	131,754	312,532
Effect of:		
Expenses not deductible for tax purposes	6,971	22,762
Capital allowances for the period (in excess of)/less than depreciation	(12,617)	847
Marginal relief	(2,813)	(60)
Short term timing differences	181	(2,287)
Other timing differences	-	1,021
Current tax charge for year	<u>123,476</u>	<u>334,815</u>

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

5 PARENT COMPANY (LOSS)/PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The company's loss for the year was £431,372 (2004: profit £5,525).

6 TANGIBLE FIXED ASSETS

The Group	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
As at 1 January 2005	1,104,404	2,118,908	1,259,552	44,712	4,527,576
Additions	-	11,149	258,819	-	269,968
Disposals	(567)	-	(2,493)	(17,730)	(20,790)
As at 31 December 2005	1,103,837	2,130,057	1,515,878	26,982	4,776,754
Depreciation					
As at 1 January 2005	170,262	429,864	900,597	29,119	1,529,842
Charge for year	22,986	54,225	175,035	8,270	260,516
Eliminated on disposals	-	-	(540)	(15,143)	(15,683)
As at 31 December 2005	193,248	484,089	1,075,092	22,246	1,774,675
Net book value					
At 31 December 2005	910,589	1,645,968	440,786	4,736	3,002,079
At 31 December 2004	934,142	1,689,044	358,955	15,593	2,997,734

The figures stated above for cost or valuation include the following at valuation as follows:

	Land and buildings	
	2005	2004
	£	£
At cost	2,883,894	2,873,312
At 28 March 1991 valuation	350,000	350,000
	3,233,894	3,223,312

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

6 TANGIBLE FIXED ASSETS (CONTINUED)

Of the freehold properties held by the company, one property is stated at a valuation whilst the other properties are held at cost. The directors have not restated the properties to a consistent basis of either cost or valuation as they have taken advantage of the transitional arrangements of Financial Reporting Standard No 15.

One property was professionally revalued on 28 March 1991 by a firm of Chartered Surveyors on the basis of open market value.

If the above had not been revalued, they would have been included on the historical cost basis at the following amount:

	Land and building £
Cost	254,862
Accumulated depreciation	<u>(62,740)</u>
Net book value at 31 December 2005	<u>192,122</u>
Net book value at 31 December 2004	<u>197,219</u>

The Company	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
As at 1 January 2005	819,927	63,697	513,970	40,469	1,438,063
Additions	(567)	-	86,933	-	86,366
Disposal	-	-	(2,493)	(17,730)	(20,223)
As at 31 December 2005	<u>819,360</u>	<u>63,697</u>	<u>598,410</u>	<u>22,739</u>	<u>1,504,206</u>
Depreciation					
As at 1 January 2005	94,495	63,501	350,602	24,875	533,473
Charge for year	15,731	196	74,733	8,270	98,930
Eliminated on disposals	-	-	(540)	(15,143)	(15,683)
As at 31 December 2005	<u>110,226</u>	<u>63,697</u>	<u>424,795</u>	<u>18,002</u>	<u>616,720</u>
Net book value					
At 31 December 2005	<u>709,134</u>	<u>-</u>	<u>173,615</u>	<u>4,737</u>	<u>887,486</u>
At 31 December 2004	<u>725,432</u>	<u>196</u>	<u>163,368</u>	<u>15,594</u>	<u>904,590</u>

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

7 FIXED ASSET INVESTMENTS

The Group

	Interest in Joint ventures £
Fixed asset investments comprise	
As at 1 January 2005	6,078
Share of loss of joint ventures in the year	(9,877)
As at 31 December 2005	(3,799)

At 31 December 2005 the group had an interest in the following joint ventures:

	Country of incorporation	Class of share capital held	Proportion held/ guaranteed	Aggregate of capital and reserves £	Loss for the financial year £	Nature of business
Peat Rigg Training Centre Limited	England	Ordinary A	33.33%	(11,397)	(36,957)	Personal development services
The Aspire Partnership Limited	England	Limited by Guarantee	50%	-	4,884	Raise educational and employment aspirations

The group's share of the results, assets and liabilities of the joint ventures was:

	2005 £	2004 £
Turnover	773,621	79,804
Loss before tax	(9,877)	(13,897)
Taxation	-	-
Loss after tax	(9,877)	(13,897)
Fixed assets	1,591	327
Current assets	158,884	26,283
Liabilities due within one year	160,475 (164,274)	26,610 (20,532)
Net (liabilities)/assets	(3,799)	6,078

If the investment in the joint ventures had been included at cost it would have been included at the following amount:

	2005 £	2004 £
Cost of investments less amounts written off	-	18,000

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

7 FIXED ASSET INVESTMENTS (CONTINUED)

The Company

	Investment in group undertakings and joint ventures £
Fixed asset investment comprises, at valuation:	
As at 1 January 2005	4,594,505
Increase in valuation	<u>769,183</u>
As at 31 December 2005	<u>5,363,688</u>

At 31 December 2005 the company held, guaranteed or had the ability to control more than 20% of the following:

	Country of incorporation	Class of share capital held	Proportion held/ guaranteed	Aggregate of capital and reserves £	Profit/(loss) for the financial year £	Nature of business
Subsidiaries						
North East Chamber of Commerce (Training) Limited	England	Ordinary	100%	5,363,687	769,183	Training company
Regional International Trade Office Limited	England	Ordinary	100%	1	-	International trade services
The Chamber Healthcare Trust	n/a	n/a	N/a	60,884	60,884	Healthcare insurance
Joint Ventures						
The Aspire Partnership Limited	England	Limited by Guarantee	50%	Nil	Nil	Raise educational and employment aspirations

The Chamber Healthcare Trust is treated as a subsidiary undertaking as a result of ability to control.

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

8 DEBTORS

	The Group		The Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	798,612	855,494	473,879	465,558
Amounts owed by group undertakings	-	-	298,407	154,845
Amounts owed by joint venture	20,443	27,773	13,959	4,868
Other debtors	2,060,376	2,044,445	416,800	545,335
Prepayments and accrued income	739,818	756,743	162,012	78,589
Deferred tax asset	1,560	2,366	-	-
Corporation tax recoverable	2,084	-	-	-
	3,622,893	3,686,821	1,365,057	1,249,195

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2005	2004	2005	2004
	£	£	£	£
Payments received in advance	39,819	29,595	39,819	29,595
Trade creditors	548,416	630,903	199,015	235,999
Amounts owed to subsidiary undertaking	-	-	2,886,491	2,442,196
Corporation tax	123,476	334,815	-	-
Other taxes and social security costs	167,294	170,843	79,452	75,188
Other creditors	-	273,931	-	-
Accruals and deferred income	3,165,850	2,688,551	810,722	728,099
	4,044,855	4,128,638	4,015,499	3,511,077

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

10 PROVISIONS FOR LIABILITIES AND CHARGES

The Group	Deferred tax liability £	
At 1 January 2005		1,428
Credit to profit and loss account (note 4)		(1,428)
At 31 December 2005		-
	Amount provided 2005 £	Amount provided 2004 £
Accelerated capital allowances	-	6,900
Other timing differences	-	(5,472)
	<u>-</u>	<u>1,428</u>

For provided deferred tax asset see note 8. The movement in the deferred tax asset in note 8 results in a deferred tax charge of £806 in addition to the credit above. For unprovided deferred tax assets see note 4.

11 RESERVES

The Group	Revaluation reserve £	Profit & loss account £
At 1 January 2005	24,507	3,314,735
Retained profit for the year	-	406,977
Transfer from revaluation reserve	(1,580)	1,580
At 31 December 2005	<u>22,927</u>	<u>3,723,292</u>

Included within the Group Profit & Loss reserve is £60,884 relating to the surplus generated by The Chamber Healthcare Trust. Should this trust ever cease to trade and be wound up, any surplus in the trust will be donated to a charity nominated by the trustees.

The Company	Revaluation reserve £	Profit & loss account £
At 1 January 2005	4,594,504	(1,228,312)
Loss for the year	-	(431,372)
Increase in value of subsidiary undertaking	769,183	-
At 31 December 2005	<u>5,363,687</u>	<u>(1,659,684)</u>

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

12 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	395,447	1,072,722
Depreciation	260,516	235,910
Profit on sale of tangible fixed assets	(1,606)	(1,466)
Decrease/(increase) in debtors	65,206	(1,723,820)
Increase in creditors	127,556	1,569,760
Net cash inflow from operating activities	<u>847,119</u>	<u>1,153,106</u>

13 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £	2004 £
Increase in cash in year	391,226	420,069
Cash outflow from financing	-	232,783
Change in net funds in year	391,226	652,852
Net funds at 1 January 2005	<u>778,675</u>	<u>125,823</u>
Net funds at 31 December 2005	<u>1,169,901</u>	<u>778,675</u>

14 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2005 £	Cashflow £	At 31 December 2005 £
Cash at hand and in bank	<u>778,675</u>	<u>391,226</u>	<u>1,169,901</u>

15 CAPITAL COMMITMENTS

Neither the group nor the company had any capital commitments at 31 December 2004 or 31 December 2005.

16 DEFINED CONTRIBUTION PENSION SCHEMES

The group operates two defined contribution pension schemes for the benefit of the employees. The assets of the schemes are held separately from those of the group in an independently administered fund for the benefit of the employees. Contributions by the group amounted to £232,261 (2004: £199,999). Outstanding contributions at the year end amounted to £2,556 (2004: £nil).

**NORTH EAST CHAMBER OF COMMERCE TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 December 2005

17 LEASING COMMITMENTS

Operating lease payments amounting to £256,433 (2004: £246,215) are due within one year. The leases to which these amounts relate expire as follows:

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	26,350	29,706	13,549	9,265
Between one and five years	102,049	43,048	117,250	72,871
In five years or more	55,280	-	33,280	-
	<u>183,679</u>	<u>72,754</u>	<u>164,079</u>	<u>82,136</u>

18 TRANSACTIONS INVOLVING DIRECTORS

During the normal course of trade the company purchases goods and services and receives contributions from organisations in which directors have a material interest. All goods and services so provided are at arm's length and on normal commercial terms. In view of their number it is considered to be inappropriate to disclose such transactions in these accounts. A register of transactions is available for inspection at the company's Registered Office. Any material transaction in the context of the accounts is approved by the Executive Board of the Council.

19 CAPITAL

The company is a company limited by guarantee not having a share capital. Each member of the company is liable to the extent of £1.00 in the event of the company being wound up and there being insufficient assets to pay off all the liabilities. Accordingly, the company has no shareholders' funds and no reconciliation of movements in shareholders' funds has been presented.