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

**CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2001

Company number: 2938084



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

COMPANY INFORMATION

For the year ended 31 December 2001

Company number: 2938084

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

Directors	L M Aviss (resigned 23 March 2001)	T Robson
and Council	M S A Ballinger	Dr R J Sheahan (resigned 18 June 2001)
Members:	L Bell (resigned 12 June 2001)	N Sherlock
	P Birt (resigned 19 February 2001)	I G Strother
	R J Bottomley	Sir Neville Trotter
	Sir Kenneth Calman	R P Webster (resigned 15 October 2001)
	D L Davies	D J M Wilson
	F D Holborn	N R Robson
	J G Irwin	A J Harding (resigned 15 October 2001)
	P D J Jolliffe (resigned 17 December 2001)	P Slaughter
	M Lawlor	R Turnbull
	C Lynas (resigned 15 October 2001)	J M Boyfield (appointed 23 April 2001)
	D W Midgley	A Ferguson (appointed 23 April 2001)
	Sir Paul Nicholson	M Pavlou (appointed 23 April 2001)
	E M Nunn	P Thompson (appointed 23 April 2001)
	Dr R M Penn (resigned 17 December 2001)	J Fryer (appointed 18 June 2001)
	A Reynolds	P J Walsh (appointed 15 October 2001)
	K Robinson (resigned 12 June 2001)	F Major (appointed 17 December 2001)

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

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
4th Floor
Higham House
Higham Place
Newcastle upon Tyne
NE1 8EE

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

FINANCIAL STATEMENTS

For the year ended 31 December 2001

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

REPORT OF THE DIRECTORS

For the year ended 31 December 2001

The members of the Council present their report together with the group financial statements for the year ended 31 December 2001.

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 principal activity of the company's only trading subsidiary undertaking is the provision of training.

During the year the group entered into a joint venture agreement resulting in the formation of Peat Rigg Training Centre Limited. The principal activity of this company is the provision of personal development services at its residential centre.

On 2 February 2001 the group executed a 125 year lease for new premises in Newcastle upon Tyne following which the building was refurbished. The total cost of the new building was £1,630,665. In August 2001 both training and local office facilities transferred operations to the new building.

There was a profit for the year after taxation of £167,737 (2000: £247,075).

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 comprises only 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 2001

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 Mr J Irwin (President) and includes Mr R J Bottomley and Mr M S A Ballinger. 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 Mr R J Bottomley and includes Mr M S A Ballinger, Mr N Sherlock, Mr J Fryer (appointed 11 April 2002) and Mr R P Webster (resigned 15 October 2001). 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.

Fixed assets

The directors are of the opinion that the market value on an existing use basis of certain of the freehold property is in excess of the net book value at 31 December 2001. However, in the absence of a recent professional valuation the directors are unable to quantify this excess.

Directors' responsibilities for the financial statements

United Kingdom 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 company and of the profit or loss of the company for that period. In preparing those 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 company 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 company 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 company 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 2001

Introduction of the Single European Currency

The directors do not anticipate any major effects on the Group from the introduction of the Single European Currency.

Auditors

Grant Thornton 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

15 April 2002

**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 of North East Chamber of Commerce, Trade and Industry (Limited by Guarantee) for the year ended 31 December 2001 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the note of historical cost profits and losses and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 transactions with the group is not disclosed.

We read other information contained in the directors' 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 opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 group's circumstances, consistently applied and adequately disclosed.

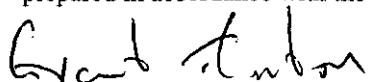
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

REPORT OF THE AUDITORS TO THE MEMBERS OF

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company at 31 December 2001 and of the profit for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
NEWCASTLE UPON TYNE**

15 April 2002

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

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2001

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that certain of the freehold land and buildings are shown at their revalued amounts and the investment in the 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 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 and of its subsidiary undertaking drawn up to 31 December 2001. Profits or losses on intra-group transactions are eliminated in full.

The subsidiary undertaking 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 VENTURE

The group financial statements incorporate the joint venture 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 export services and the provision of training courses and contracts. Training contracts are accounted for in the financial statements when funding is approved.

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	20-33.33% Straight line
Motor vehicles	25% Straight line

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.

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.

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

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2001

DEFERRED TAXATION

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.

In accordance with Financial Reporting Standard No 19 the recognition of deferred tax on timing differences resulting from the revaluation of the investment of the subsidiary undertaking, North East Chamber of Commerce (Training) Limited, where there is no commitment to sell the subsidiary has not been recognised. Had this policy not been adopted the potential deferred tax liability at 31 December 2001 is £833,495.

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 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 2001

	Note	2001 £	2000 £
Turnover: group and share of joint ventures	1	7,827,448	7,910,677
Less: share of joint ventures turnover		<u>(3,739)</u>	-
		7,823,709	7,910,677
Cost of sales		<u>(5,549,403)</u>	(5,593,303)
Gross profit		2,274,306	2,317,374
Administrative expenses		<u>(2,245,356)</u>	(2,315,280)
Other operating income		<u>164,926</u>	228,356
Operating profit		193,876	230,450
Share of operating loss of Joint venture		<u>(1,695)</u>	-
		192,181	230,450
Net interest	2	<u>(25,120)</u>	30,683
Profit on ordinary activities before taxation	1	167,061	261,133
Tax on profit on ordinary activities	4	<u>676</u>	(14,058)
Profit for the financial year transferred to reserves	12	<u>167,737</u>	<u>247,075</u>

The group results incorporate the activities of the joint venture which was acquired during the year. All other activities of the group relate to continuing activities.

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.

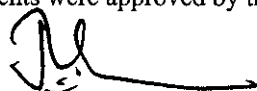
**NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(LIMITED BY GUARANTEE)**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	6	3,238,488	1,645,346
Investments			
Joint ventures	7		
Share of gross assets		38,221	-
Share of gross liabilities		(36,916)	-
		1,305	-
		3,239,793	1,645,346
Current assets			
Debtors	8	1,553,117	1,334,813
Cash at bank and in hand		129,970	688,943
		1,683,087	2,023,756
Creditors: Amounts falling due within one year	9	(1,762,609)	(1,391,541)
Net current (liabilities)/assets		(79,522)	632,215
Total assets less current liabilities		3,160,271	2,277,561
Creditors: Amounts falling due after more than one year	10	(718,454)	-
Provisions for liabilities and charges	11	(577)	(4,058)
		2,441,240	2,273,503
Reserves			
Revaluation reserve	12	29,247	30,827
Profit and loss account	12	2,411,993	2,242,676
		2,441,240	2,273,503

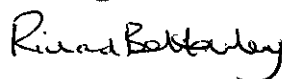
The financial statements were approved by the Council on 15 April 2002 and signed on its behalf by:

J G Irwin



Director

R J Bottomley



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 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	6	1,040,657	1,091,085
Investments	7	3,279,456	2,778,315
		<u>4,320,113</u>	<u>3,869,400</u>
Current assets			
Debtors	8	746,457	622,880
Cash at bank and in hand		66,802	150,856
		<u>813,259</u>	<u>773,736</u>
Creditors: Amounts falling due within one year	9	(2,689,816)	(2,354,605)
Net current liabilities		<u>(1,876,557)</u>	<u>(1,580,869)</u>
Total assets less current liabilities		<u>2,443,556</u>	<u>2,288,531</u>
Reserves			
Revaluation reserve	12	3,279,456	2,778,315
Profit and loss account	12	(835,900)	(489,784)
		<u>2,443,556</u>	<u>2,288,531</u>

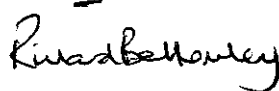
The financial statements were approved by the Council on 15 April 2002 and signed on its behalf by:

J G Irwin



Director

R J Bottomley



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 2001

	Note	2001 £	2000 £
Net cash inflow from operating activities	13	331,545	457,989
Returns on investments and servicing of finance			
Interest received		17,180	30,683
Interest paid		(42,300)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance		<u>(25,120)</u>	<u>30,683</u>
Taxation		(3,117)	-
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(1,701,921)	(145,916)
Sale of tangible fixed assets		4,002	8,000
Net cash outflow from capital expenditure and financial investment		<u>(1,697,919)</u>	<u>(137,916)</u>
Acquisitions and disposals			
Purchase of investment in joint venture		(3,000)	-
Net cash outflow from acquisitions and disposals		<u>(3,000)</u>	<u>-</u>
Financing			
Receipts from borrowings		986,475	-
Repayment of borrowings		(147,837)	-
Net cash inflow from financing		<u>838,638</u>	<u>-</u>
(Decrease)/increase in cash	14	<u>(558,973)</u>	<u>350,756</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 2001

	2001	2000
	£	£
NOTE OF HISTORICAL COST PROFITS AND LOSSES		
Profit on ordinary activities before taxation	167,061	261,133
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>168,641</u>	<u>262,713</u>
Historical cost profit retained	<u>169,317</u>	<u>248,655</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)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the following classes of continuing business:	2001	2000
	£	£
Membership subscriptions	933,159	914,791
Business services	639,166	838,919
Export services	605,054	518,415
Training	5,646,330	5,638,552
	<u>7,823,709</u>	<u>7,910,677</u>
 The profit on ordinary activities is stated after:	 2001	 2000
	£	£
Auditors' remuneration:		
Audit - Group	7,700	7,500
Audit - Company	4,600	4,500
 Depreciation – tangible fixed assets, owned	 210,747	 175,535
Operating lease rental:		
Land and buildings	146,546	135,042
Plant and machinery	92,172	88,438
Hire of equipment	33,791	30,787
 Government grants credited	 <u>(164,926)</u>	 <u>(228,356)</u>

2 NET INTEREST

	2001	2000
	£	£
On bank loans	(42,300)	-
Bank and other interest receivable	17,180	30,683
	<u>(25,120)</u>	<u>30,683</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2001	2000
	£	£
Wages and salaries	3,115,175	3,141,442
Social security costs	254,349	248,366
Other pension costs	135,989	134,056
	<u>3,505,513</u>	<u>3,523,864</u>

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

	2001	2000
	Number	Number
Chamber services	64	72
Training services	136	138
Administration	16	20
	<u>216</u>	<u>230</u>

No directors of the parent undertaking received remuneration during the year.

During the current and prior year no directors participated in money purchase pension schemes.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
The tax (credit)/charge represents:		
Corporation tax at 18.84% (2000: 19.80%)	9,688	10,000
Deferred tax (note 11)	(3,481)	4,058
	6,207	14,058
Adjustments in respect of prior year:		
Corporation tax	(6,883)	-
	(676)	14,058

The subsidiary undertaking, North East Chamber of Commerce (Training) Limited has an agreement with the Inland Revenue that certain income receivable by the company is not subject to taxation.

Unrelieved tax losses of £104,000 (2000: £104,000) remain available to offset against future taxable trading profits in respect of North East Chamber of Commerce, Trade and Industry.

5 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 £346,116 (2000: loss £314,700).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

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 2001	1,094,065	478,284	1,190,442	54,960	2,817,751
Additions	-	1,630,665	142,475	34,422	1,807,562
Disposals	-	-	-	(16,023)	(16,023)
As at 31 December 2001	<u>1,094,065</u>	<u>2,108,949</u>	<u>1,332,917</u>	<u>73,359</u>	<u>4,609,290</u>
Depreciation					
As at 1 January 2001	76,581	241,268	833,110	21,446	1,172,405
Charge for year	22,044	39,595	130,434	18,674	210,747
Eliminated on disposals	-	-	-	(12,350)	(12,350)
As at 31 December 2001	<u>98,625</u>	<u>280,863</u>	<u>963,544</u>	<u>27,770</u>	<u>1,370,802</u>
Net book value					
At 31 December 2001	<u>995,440</u>	<u>1,828,086</u>	<u>369,373</u>	<u>45,589</u>	<u>3,238,488</u>
At 31 December 2000	<u>1,017,484</u>	<u>237,016</u>	<u>357,332</u>	<u>33,514</u>	<u>1,645,346</u>

The figures stated above for cost or valuation include a valuation as follows:

	Land and buildings	
	2001	2000
	£	£
At cost	2,853,014	1,222,349
At 28 March 1991 valuation	350,000	350,000
	<u>3,203,014</u>	<u>1,572,349</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

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.

Certain freehold land and buildings were professionally revalued on 28 March 1991 by a firm of Chartered Surveyors on the basis of their open market value. The directors are not aware of any material change in valuation since that date.

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>(42,352)</u>
Net book value at 31 December 2001	<u>212,510</u>
Net book value at 31 December 2000	<u>217,607</u>

The Company	Freehold land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
As at 1 January 2001	819,927	86,683	788,654	38,937	1,734,201
Additions	<u>-</u>	<u>-</u>	<u>55,042</u>	<u>16,971</u>	<u>72,013</u>
As at 31 December 2001	<u>819,927</u>	<u>86,683</u>	<u>843,696</u>	<u>55,908</u>	<u>1,806,214</u>
Depreciation					
As at 1 January 2001	23,232	78,140	532,315	9,429	643,116
Charge for year	<u>16,857</u>	<u>4,158</u>	<u>87,449</u>	<u>13,977</u>	<u>122,441</u>
As at 31 December 2001	<u>40,089</u>	<u>82,298</u>	<u>619,764</u>	<u>23,406</u>	<u>765,557</u>
Net book value					
At 31 December 2001	<u>779,838</u>	<u>4,385</u>	<u>223,932</u>	<u>32,502</u>	<u>1,040,657</u>
At 31 December 2000	<u>796,695</u>	<u>8,543</u>	<u>256,339</u>	<u>29,508</u>	<u>1,091,085</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

7 FIXED ASSET INVESTMENTS

The Group

	Joint venture £
Fixed asset investment comprises, at valuation:	
Additions	3,000
Share of losses of joint venture	(1,695)
	<u>1,305</u>
As at 31 December 2001	

At 31 December 2001 the group had an interest in the following joint venture:

	Country of incorporation	Class of share capital held	Proportion held	Aggregate of capital and reserves £	Loss for the financial year £	Nature of business
Peat Rigg Training Centre Limited	England	Ordinary	33.33%	3,916	(5,084)	Personal development services

The Company

	Investment in group undertaking £
Fixed asset investment comprises, at valuation:	
As at 1 January 2001	2,778,315
Retained reserves for year	501,141
	<u>3,279,456</u>
As at 31 December 2001	

At 31 December 2001 the company held more than 20% of the allotted share capital of the following:

	Country of incorporation	Class of share capital held	Proportion held	Aggregate of capital and reserves £	Profit for the financial year £	Nature of business
North East Chamber of Commerce (Training) Limited	England	Ordinary	100%	3,279,456	501,141	Training company

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7 FIXED ASSET INVESTMENTS (CONTINUED)

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

	2001 £	£	2000 £
Turnover		3,739	-
Loss before tax		(1,695)	-
Taxation		-	-
Loss after tax		(1,695)	-
Fixed assets	62		
Current assets	38,159	38,221	-
Liabilities due within one year		(36,916)	-
Net assets		1,305	-

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

	2001 £	2000 £
Cost of investment	3,000	-

8 DEBTORS

	The Group		The Company	
	2001 £	2000 £	2001 £	2000 £
Trade debtors	666,948	640,064	332,714	309,153
Amounts owed by joint venture	12,235	-	-	-
Other debtors	258,695	126,101	258,695	126,101
Prepayments and accrued income	615,239	568,648	155,048	187,626
	1,553,117	1,334,813	746,457	622,880

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9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loan (note 10)	120,184	-	-	-
Payments received in advance	18,938	53,244	18,938	53,244
Trade creditors	291,707	330,268	190,608	221,540
Amounts owed to subsidiary undertaking	-	-	1,922,483	1,539,823
Amounts owed to joint venture	32,152	-	-	-
Corporation tax	9,688	10,000	-	-
Other taxes and social security costs	95,000	142,827	45,351	47,851
Accruals and deferred income	1,194,940	855,202	512,436	492,147
	<u>1,762,609</u>	<u>1,391,541</u>	<u>2,689,816</u>	<u>2,354,605</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The Group

	2001	2000
	£	£
Bank loan	<u>718,454</u>	<u>-</u>

The bank loan is repayable as follows:

	2001	2000
	£	£
Within one year	120,184	-
After one and within two years	125,263	-
After two and within five years	312,789	-
After five years	280,402	-
	<u>838,638</u>	<u>-</u>

The bank loan is secured by a legal charge over a leasehold property at Westgate Road, Denton Chare, Newcastle upon Tyne. The bank loan is repayable in equal annual instalments from April 2001 to April 2016.

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For the year ended 31 December 2001

11 PROVISIONS FOR LIABILITIES AND CHARGES

The Group

	Deferred tax £
At 1 January 2001	4,058
Provided during the year	(3,481)
At 31 December 2001	<u>577</u>

No provision for deferred taxation arises on the results of the company.

12 RESERVES

The Group	Revaluation reserve £	Profit & loss account £
At 1 January 2001	30,827	2,242,676
Retained profit for the year	-	167,737
Transfer from revaluation reserve	(1,580)	1,580
At 31 December 2001	<u>29,247</u>	<u>2,411,993</u>

The Company	Revaluation reserve £	Profit & loss account £
At 1 January 2001	2,778,315	(489,784)
Retained loss for the year	-	(346,116)
Increase in value of subsidiary undertaking	501,141	-
At 31 December 2001	<u>3,279,456</u>	<u>(835,900)</u>

The balance on the revaluation reserve may not be distributed legally under section 263 of the Companies Act 1985.

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13 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	193,876	230,450
Depreciation	210,747	175,535
Profit on sale of tangible fixed assets	(329)	(4,630)
Increase in debtors	(218,304)	(183,105)
Increase in creditors	145,555	239,739
	<u>331,545</u>	<u>457,989</u>
Net cash inflow from operating activities	<u>331,545</u>	<u>457,989</u>

14 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2001 £	2000 £
(Decrease)/increase in cash in year	(558,973)	350,756
Cash inflow financing	(838,638)	-
	<u>(1,397,611)</u>	<u>350,756</u>
Change in net (debt)/funds in year	(1,397,611)	350,756
Net funds at 1 January 2001	688,943	338,187
	<u>(708,668)</u>	<u>688,943</u>
Net (debt)/funds at 31 December 2001	<u>(708,668)</u>	<u>688,943</u>

15 ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 January 2001 £	Cashflow £	At 31 December 2001 £
Cash at bank and in hand	688,943	(558,973)	129,970
Debt	-	(838,638)	(838,638)
	<u>688,943</u>	<u>(1,397,611)</u>	<u>(708,668)</u>

16 CAPITAL COMMITMENTS

Neither the Group nor the Company had any capital commitments at 31 December 2001 or 31 December 2000.

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17 CONTINGENT LIABILITIES

The company is the guarantor to the terms of a lease entered into by the joint venture, Peat Rigg Training Centre Limited, in respect of the property occupied by the joint venture. Under the terms of the lease, which expires on 18 September 2006, the company has indemnified the Landlord against all losses, damages, costs and expenses reasonably and properly incurred as a result of the joint venture failing to comply with the terms of the lease.

18 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 £135,989 (2000: £134,056). Outstanding contributions at the year end amounted to £7,957 (2000: £4,970).

19 LEASING COMMITMENTS

Operating lease payments amounting to £217,107 (2000: £228,631) are due within one year. The leases to which these amounts relate expire as follows:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	8,482	16,582	21,122	5,329
Between one and five years	89,462	84,516	88,194	113,986
In five years or more	18,065	-	-	-
	<u>116,009</u>	<u>101,098</u>	<u>109,316</u>	<u>119,315</u>

20 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 would 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.

21 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.