

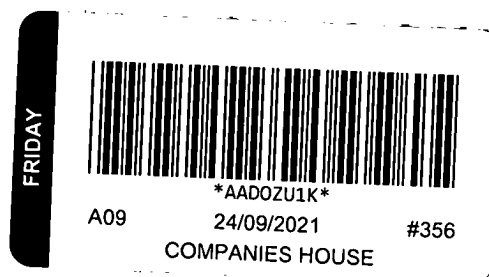
Registration number: 02938084

NORTH EAST ENGLAND CHAMBER OF COMMERCE

(A company limited by guarantee)

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020



North East England Chamber of Commerce

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North East England Chamber of Commerce

Company Information

Directors	JDA Ramsbotham CBE L Moody MBE (President) RJL Swart G Courtney MBE JPB Marshall (Chairman) J McCabe EM Gaudern AS Haigh DJ Langley C S Blaxall T Stonehouse (Chair of Audit Committee) J Underwood
Company secretary	DJ Langley
Registered office	Aykley Heads Business Centre Aykley Heads Durham DH1 5TS
Auditor	MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle Tyne and Wear NE3 3LS

North East England Chamber of Commerce

President's Report for the Year Ended 31 December 2020

It is hard to believe how much life has changed since writing last year's annual report.

In the Chamber we said goodbye to Lucy Winskell after six years of fantastic support and while she will be a great miss we very much welcome our new Chair, John Marshall. He has a tremendous background and great experience with a range of North East organisations and I'm looking forward to working with him over the coming years.

The pandemic and first lock down brought disappointment to so many of us when we had to postpone our inaugural Chamber awards so soon after they had launched. Similarly, the much-anticipated annual British Chamber of Commerce business awards were also cancelled. However they were replaced with the Business Hero awards and I'm so delighted a number of our members received them including Tharsus, Go North East and PD Ports... well done to all!

I've been your President for almost two years now and when I look over that time, I am so aware of the different world we are in. During my first few weeks I had picked up the powerful campaign on mental health awareness started by past Chamber President John McCabe and built on this to encourage more opportunities for flexible working.

My ambition for more companies and their staff to benefit from greater freedoms, was granted overnight with the pandemic. It has however, shown that working from home has its pros and cons and that we need to be even more mindful of our staff's mental health and ensure they are able to work happily and safely from home now and in the future when hopefully it becomes an option rather than a necessity.

2020 was a year like no other and I am extremely proud that the Chamber was able to play such an important part in addressing a number of urgent challenges at the onset of Covid. Our support to provide PPE, source raw materials needed along with a whole range of other supplies, was above and beyond but so appreciated. I particularly want to single out Marianne O Sullivan, a young policy adviser at the Chamber who was key to delivering this help.

We are now aware of how fortunate we were to have been able to hold some events in person early in the year. Our speakers included Sir John Curtice who spoke about why Labour's red wall in the North East crumbled and Steve Cram who shared his view of the region's sporting excellence.

Our busy Chamber events programme was remodelled due to the pandemic in a matter of days and pivoted to be totally on-line, with a format that has proved extremely successful. I've always been impressed by the Chamber team's 'can do' approach and true to form they have worked to deliver well attended virtual events on interesting topics and lots of stimulating and thought provoking discussion. Congratulations and huge thanks go to them.

At a time when the UK was coping with a global pandemic and working towards the end of the Brexit transition period, there was much interest in hearing about international experiences and perspectives. Through our BCC network and the Chamber's global contacts we heard from some interesting speakers from around the world talking about their own experiences of the pandemic and trading internationally in the current and future climates.

The Norwegian Ambassador Wegger Strommen was particularly interesting when he spoke about our links with his country and how we should remember they are always our friends and close neighbours. Similarly Allan Cook, chair of HS2, who comes from Sunderland, gave a fascinating webinar presentation on the importance of rail infrastructure. Something particularly pertinent with the need for the East Coast Mainline investment.

North East England Chamber of Commerce

President's Report for the Year Ended 31 December 2020 (continued)

From early in the pandemic we realised that there was a need not only to focus on the getting through the present, but also to look forward to make sure that we help members plan and prepare for doing business in a post pandemic world (whatever that might look like) To that end, our well received Framing the Future webinars allowed us to juxtapose our position now with a forward vision. With no physical Party Conferences to attend and report on, we ran a series of on-line Fringe events that proved to be a great success.

Throughout the year our economic survey results showed the struggle many businesses were having and continue to suffer due to the pandemic. The data on how our region is faring has never been more important, informing regional MPs and Westminster of our situation, and as always, continuing to help businesses to get an indicator of their own position in relation to others in our region.

The actual results themselves, unsurprisingly, showed we took a dive off a cliff edge when lock down happened although I'm pleased to report by the end of the year figures started to head back up, albeit slightly.


It was reassuring to see in Q2 that the survey had the most responses we have ever received and that we similarly received a high level of interest in the results.

The Chamber has long been a powerful advocate for women in business through our Inspiring Females programme. I'm delighted that Alix Bolton from Northumbrian Water, chair of our Women's Leadership Forum, is forging ahead with ambitious ideas of how to develop this work. In July the Inspiring Females conference moved online. It was a great event showcasing fantastic women in our region and with a similar number of attendees to our previous face to face conferences.

We also launched a new commission to explore race, ethnicity and discrimination in the North East and how we can best support businesses to be more inclusive. I am sure its work, chaired by Nagma Ebanks-Beni, will make a huge difference and I look forward to receiving and reading the findings in its report.

Finally, I want to close with a huge thanks to James Ramsbotham, the Chamber leadership and their team for all the hard work they have put into supporting our members and the region in 2020. Once again they have confirmed my long-standing belief in their focus and commitment is to make sure our Chamber helps us as members to grow our businesses and so strengthen the region's economy.

Approved by the Board on **12.5.21** and signed on its behalf by:


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L Moody MBE
President

North East England Chamber of Commerce

Chairman's Report for the Year Ended 31 December 2020

Welcome to this annual report highlighting the Chamber's performance during 2020, a year none of us will ever forget.

This is my first year as your chairman and it is a great honour to take over the role from my friend and colleague Lucy Winskell. Lucy has been an excellent chair and a committed and passionate advocate for the Chamber and the wider region. I am delighted that Lucy has stepped up to the role of NE LEP Chair and wish her every success at this crucial time for our region. Our loss is definitely their gain.

Membership support

Since the onset of Covid-19, the Chamber has kept a resolute focus on supporting our members. Our team has ensured we could share the latest information on financial help and access to relief, especially for those in the hardest hit sectors. We have also been able to pass intelligence back about the effects being felt on the ground by business and to lobby for the most appropriate forms of support.

The Chamber also leads by example. We created a £150k membership relief fund which has enabled us to assist 725 members. We saw this fund as an opportunity to show practical support, using funds to keep in membership those who were most impacted by the pandemic and who most needed the support and services the Chamber and our wider community can offer.

I know this was greatly appreciated and has ensured many small and medium sized businesses have been able to stay part of the Chamber community.

Membership restructure and statistics

Without doubt 2020 has been a tough year for our region's businesses and, despite our efforts, we have seen a reduction in our membership numbers of around 10%. That said, we retain over 2,000 businesses in membership and have been continuing to recruit new members, with 175 new members joining us this year. Most pleasing is that many of these new memberships come from referrals.

To meet a vital need here in the North East, we have also developed a new global membership package to support businesses post-Brexit and to develop their international trade. This is going extremely well and we have created several new roles already due to the demand for these services.

The membership team was restructured last year with Jennifer Rycroft promoted to assistant director. She is now responsible for the larger business team as well as President's Club and Partners.

Sponsorship

The income the Chamber receives from sponsorship makes an important contribution to its financial position, helps us promote the region and also gives our members a unique opportunity to promote their own businesses.

We are extremely grateful to Learning Curve for their continued support of our President's Club events and to Durham University Business School for the assistance they give us for our economic survey.

North East England Chamber of Commerce

Chairman's Report for the Year Ended 31 December 2020 (continued)

Chamber website and Contact update

It is crucial as a membership organisation that we have our customer-facing services in optimum shape. The website is a key tool in attracting new members and a home for important and useful information. In 2020 we developed a new site to improve useability and functionality to ensure all members and potential members could easily access whatever they needed, as well as having the chance to promote their business easily .

Contact magazine is another important means of communication with members and, despite postponing one edition in the summer due to Covid, will continue in its new improved format

Financial results

It would be impossible to pretend that 2020 did not pose financial challenges for the Chamber, and the impact of COVID-19 can be seen in the fall in turnover to £4,620,000 (2019: £5,221,000). However, with careful financial management and control of costs and cash flows we have been able to deliver a profit for the financial year of £201,000 (2019: £289,000) and an increase in cash balances to £2,415,000 (2019: £1,274,000). This places the Chamber on a strong financial footing to continue delivering for our members into 2021 and beyond.

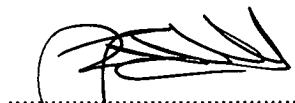
Conclusion

2020 has presented us, like you, with many challenges but we are a resilient lot here in the North East. Our team has worked hard to ensure we were there for you. We do continually challenge ourselves though to deliver even more value to our members, so if anyone has any suggestions I would be delighted to hear from you.

In closing this section, I would like to pay tribute to all the amazing Chamber team, and particularly our Chief Executive, James Ramsbotham. I see at first hand their dedication and commitment, and the work they do on your behalf to promote and support North East businesses. It is now more important than ever as we emerge from this pandemic that we have active voices advocating for North East business regionally and nationally. That is a role, with your support and encouragement, the Chamber is proud to fulfil.

Thank you all for being part of the Chamber. In 2020, it has never been more true to say that we are stronger together.

Approved by the Board on **12.5.21** and signed on its behalf by:



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JPB Marshall
Chairman

North East England Chamber of Commerce

Chief Executive's Report for the Year Ended 31 December 2020

Let me start this 2020 annual report on a positive note and warmly welcome our new Chair John Marshall even though he has joined us at one of the most challenging times in our history.

I also must pay tribute to our outgoing chair of six years Lucy Winskell, who was so generous with her time and support. We are delighted that she has taken over the Chairmanship of the North East Local Enterprise Partnership and we wish her every success in this new capacity.

The Chamber, like all our regional businesses, was put under extreme pressure by the pandemic but I am extremely proud of the role we played in supporting our members at such unprecedented times. We pivoted our whole business model in 24 hours with staff working from home, physical events and our inaugural awards all cancelled. At the same time we ensured we supported our members in every way possible. This included everything from daily briefings on latest Government measures and financial support available, sourcing PPE for front line sectors to campaigning for those businesses left without financial support.

Taking 2020 chronologically I am glad we were able to hold two physical events at the start of the year. The TV's main election expert Sir John Curtice was our guest speaker at a President's Club lunch, where he set out why our region was so re-shaped politically.

This lunch was followed by our last physical event, the County Durham AGM with Steve Cram who kindly stepped in for his partner Allison Curbishley who was unwell. Little did we know at the time that we would not be seeing our members again for so many months.

From March and the start of lockdown measures we developed a series of webinars with fellow Chambers around the world. The speakers were extremely informative and honest about their own country's handling of Covid. We were able to learn lessons from Hong Kong, Beijing, South Korea, Australia and Norway, to name a few.

There was also the opportunity to hear at first hand from the head of BMW about how that global car giant was overcoming the challenges of mass motor production while ensuring the health and safety of their workforce in a pandemic.

We were very fortunate to have guest speakers with strong regional links including Sunderland-born Allan Cook, chair of HS2. He was very clear about the importance of our region having the infrastructure it deserves and the need for close working with Northern Powerhouse Rail, North East rail and HS2. We had campaigned for HS2 to be given the go ahead and were extremely pleased to have that confirmed.

Roger Whiteside, chief executive, Greggs gave us a very inspirational and frank analysis of the route he took to the business's growth, what had worked for them and what had been less successful. His business is such a great ambassador brand for our region, so-much-so that its name alone now represents baked 'food to go' products, as in having a 'Greggs'.

Virtual events do have some benefits in terms of allowing us to access influential leaders who might not otherwise have the capacity to travel to the North East. One tremendous example of this was the unique opportunity to have a presentation and question and answer session with the Governor of the Bank of England, Andrew Bailey. I know the members on that webinar were very grateful to be able to put their questions to him directly.

North East England Chamber of Commerce

Chief Executive's Report for the Year Ended 31 December 2020 (continued)

On a more sombre note there were extremely worrying statistics produced over the course of the last 12 months. Our economic survey and monthly employment statistics showed the clear challenges facing us and the ever-pressing need for our region to be levelled-up.

Brexit has long been a difficulty for businesses to cope with due to the lack of knowledge ahead of us leaving the EU. We wanted to support exporters so launched a new global membership package for businesses and it has gone from strength to strength.

As part of this development we restructured our membership team and promoted Jennifer Rycroft to assistant director. We now have medium membership, President's Club and Partners members under her leadership with a core team of six to support the work.

We are constantly looking at how we can make sure our region is the best it can be and as a result we have launched a Race, Ethnicity and Discrimination Commission.

Chaired by Nagma Ebanks-Beni, director of Prima Cheese, this work will be game-changing in terms of supporting the development of people of all ethnic backgrounds and skin colour. This will not only let them develop their potential but increase our own region's prosperity at the same time.

Our mission to promote female career development has also been successful in 2020. We have a new chair of the Women's Leadership Forum Alix Bolton of Northumbrian Water who is spearheading some great work, to encourage more women in business have opportunities and are able to take advantage of them.

I would like to leave you with some impressive statistics which shows the breadth of what we achieved on your behalf in 2020. From March we held 254 webinars with 8,868 participants. Our Membership relief fund helped 725 members, with a £150,000 fund and we recruited 179 new members in a virtual world.

To ensure you were all well-informed we also produced 66 daily Covid updates from March until May and handled 1,000 enquiries to our policy in box.

All of this is only possible through all of your support to grow our region and help it recover from the current challenges. Thank you.

Approved by the Board on **12.5.21** and signed on its behalf by:



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JDA Ramsbotham CBE
Chief Executive

North East England Chamber of Commerce

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is to provide independent representation of the interests of its members and, together with its subsidiary companies, contribute to the improvement of the conditions and trading environment in which businesses operate in the region through its representational activities and the provision of business support services.

The company has one trading subsidiary, North East Worldwide Limited, whose principal activities are the provision of international trade services funded by The Department for International Trade, and the European Regional Development Fund.

Fair review of the business

The result for the year is set out on page 21. The group has reported a profit of £201,000 (2019: profit of £289,000) for the financial year, with a positive operating cashflow of £1,192,000 (2019: £352,000) with a reduction in working capital of £853,000 (2019: increase of £81,000). The movement in working capital during the year has been significantly impacted by the timing of cash receipts and payments relating to the Department of International Trade contract and ERDF projects in North East Worldwide Limited around year end, and the deferral of VAT due in the second quarter of 2020 under the COVID-19 VAT deferral scheme. The deferred VAT has been paid during the first quarter of 2021. The overall increase in cash of £1,141,000 (2019: decrease of £2,000) is stated after investments of £55,000 (2019: £168,00) in tangible, intangible and investment property assets as the level of capital expenditure was reduced during 2020 in response to the Covid-19 pandemic.

Total membership numbers ended the year at 2,308 (2019: 2,695), with membership subscriptions falling to £1,556,000 (2019: £1,783,000). Membership numbers have fallen due to the impact of Covid-19, and in particular the challenges of recruiting new members in the current business environment while working remotely, alongside slightly higher resignation rates than usual. The reduction in membership income includes £134,000 of support provided to members during 2020 by way of reduced membership subscriptions from the membership relief fund.

Other aspects of the Chamber's activities were also significantly impacted by Covid-19; with face to face events suspended for most of the year there was a reduction in the income generated from the Annual Dinner, and the new Chamber Business Awards which were launched early in 2020. The Chamber's services to exporters including Export Documentation services declined as exporters themselves adapted to lockdown restrictions or experienced significant reductions in demand from their overseas customers.

Costs remained tightly controlled throughout the year with some costs reducing naturally with changes in the way the business operated during the year; while other discretionary spend was deferred or cancelled. The Chamber did furlough a number of staff during 2020 where there were reductions in activity, however the majority of these staff have now returned to their roles.

The position of the group and company are shown in the Balance Sheets on pages 22 and 23, which remain strong and the group has no borrowings.

North East Worldwide Limited, a wholly owned subsidiary of North East England Chamber of Commerce has delivered International Trade Services under a contract from the Department of International Trade (formerly UK Trade and Investment) since 1 April 2016 and has been successfully delivering against the contract targets since that date. North East Worldwide also successfully bid for funding from the European Regional Development Fund, to broaden the range of support that we can offer exporters in the North East of England with support extended into 2021.

North East England Chamber of Commerce

Strategic Report for the Year Ended 31 December 2020 (continued)

The Chamber holds significant investment property assets, which were valued at £1,839,000 on the 31 December 2020 (2019: £1,866,000). Investment property rentals make a significant contribution to support our work, generating rental income of £210,000 during 2020 (2019: £199,000), however changes in the fair value of these properties can also result in volatility in our profit and loss account. During 2020 such fair value movements reduced our reported profits by £27,000 (2019: increased by £10,000).

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Membership numbers		2,308	2,695
Revenue	£	4,620,000	5,221,000
Cash and current asset investments at year end	£	2,827,000	1,676,000

Principal risks and uncertainties

The principal risks and uncertainties are presented in the Directors' Report on pages 11 - 12.

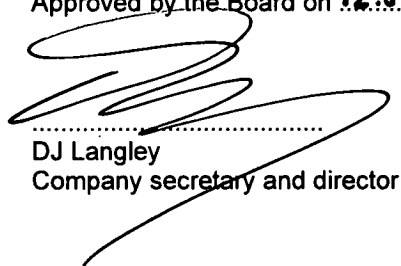
Gender pay reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations now require employers with 250 or more employees to publish information on the differences between the average earnings of men and women. The Chamber is not required to make these disclosures but makes some disclosures on a voluntary basis.

Group mean hourly pay for male employees exceeds that of female employees by 27% (2019: 29%). The difference arises not because male and female employees are paid differently for the same work, but rather because male and female employees are not equally represented in different levels of jobs.

The Chamber have gathered examples of best practice on tackling the gender pay gap and have begun to implement these across the Group, although it is likely to take several years for these to begin having a significant impact.

Approved by the Board on 12.5.21 and signed on its behalf by:



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DJ Langley
Company secretary and director

North East England Chamber of Commerce

Directors' Report for the Year Ended 31 December 2020

The directors present their annual report and the consolidated financial statements for the year ended 31 December 2020.

The company is limited by guarantee, controlled by its members. Each member of the company is liable to the extent of £1 in the event of the company being wound up and there being insufficient assets to pay off all the liabilities.

Results and dividends

The profit for the financial year after taxation amounted to £193,000 (2019: profit £289,000). As the company is limited by guarantee no dividends may be declared.

Directors

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

JDA Ramsbotham CBE
L Moody MBE (President)
RJL Swart
G Courtney MBE
JPB Marshall (Chairman)
J McCabe
EM Gaudern
AS Haigh
DJ Langley - Company secretary and director
C S Blaxall (appointed 11 June 2020)
T Stonehouse (Chair of Audit Committee) (appointed 6 August 2020)
JS Goult (resigned 1 March 2021)
KLH Winskell OBE (resigned 17 September 2020)
PB Moran (resigned 6 August 2020)
GJ Sanger (resigned 2 March 2020)
WH Moran (resigned 17 January 2020)

The following director was appointed after the year end:

J Underwood (appointed 12 April 2021)

KLH Winskell OBE, PB Moran, GJ Sanger, and WH Moran left the Board on completion of their term of office; JS Goult stood down from the board as she no longer had the required connection to a Chamber member business. We thank each and every one of them for their service and contribution to the Chamber.

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

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and it is ultimately responsible for reviewing and approving the financial statements.

North East England Chamber of Commerce

Directors' Report for the Year Ended 31 December 2020 (continued)

Principles of corporate governance

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

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

Remuneration Committee

The committee is chaired by JPB Marshall and includes T Stonehouse, and L Moody. The 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 in notes 8 and 9.

Audit committee

The Audit Committee is chaired by T Stonehouse and includes JPB Marshall and C S Blaxall. The Committee's terms of reference include the review of the annual financial statements 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 auditors' programme.

Investment committee

The Investment committee is Chaired by C S Blaxall and includes JPB Marshall and T Stonehouse. The Committee is responsible for reviewing the financial assets of the Chamber and making recommendations to the Board on the investment strategy of the Group.

Principal risks and uncertainties

General Economic Conditions

Trading conditions for many businesses are challenging, and in some cases dependent on the availability of government support during the COVID-19 pandemic. This continues to have an impact on member recruitment and retention and on the take up of services.

European Union Exit

While there is a great deal more certainty now on the detail of the trading relationship between the UK and the European Union we remain in a period of transition with respect to certain border processes, and businesses are still adapting to the new trading environment. This may continue to impact on the need and demand for certain International Trade services provided by the group, and in particular the Export Documentation and Customs brokerage services we deliver. In the medium term exit from the European Union will have an impact on certain export support services we deliver which are funded by the European Regional Development fund, and the availability of UK government funding for similar activity once current programmes are complete remains uncertain. Indirectly, the disruption to trade, business growth and confidence may impact on member recruitment and retention.

North East England Chamber of Commerce

Directors' Report for the Year Ended 31 December 2020 (continued)

Political and funding risks

Developments in public policy, and in particular the International Trade agenda, together with the related funding regimes are a key driver of the Group's business. In common with other areas of public expenditure, programmes to support international trade remain subject to ongoing change and spending constraints. The company maintains an ongoing and constructive engagement with key stakeholders to mitigate and adapt to this changing funding landscape. The Department for International Trade contract delivered by the Group which was due to end in 2020 has been extended to September 2021, and while the group currently intends to participate in the tender process for any similar replacement contract the outcome of such a process is naturally uncertain.

Commercial property risk

The Group holds commercial property assets both for its own use and as investments, the income from which supports the work of the Chamber. Ownership of these assets gives rise to a number of specific risks, and uncertainties, in particular changes in property valuation and the risk of void periods.

Impact of COVID-19

The group continues to monitor the ongoing developments and has a business continuity plan in place to ensure we continue to minimise the impact on both our members and employees. The group had pursued a strategy which supported flexible, agile and remote working for a number of years which supported the rapid move to remote working required by COVID-19.

COVID-19, the subsequent government response, and the restrictions on business activity during periods of lockdown and measures to control the spread of the virus have had a significant impact on the Chamber and its members.

The impact of COVID-19 on the Chamber, its members, and the services we provide became much clearer in the course of 2020, and we have seen many businesses adapt their working practices and business model to the environment which we have had to work in. With the ongoing success of the COVID-19 vaccination programme and a roadmap out of lockdown the risk of catastrophic impact of the pandemic on the Chamber is receding. We must recognise that it is not a certainty that the relaxations of restrictions on business will proceed to plan, and in particular the timing of these changes remains inherently uncertain and dependent on the continued success of the vaccination programme, the potential impact of COVID-19 variants and other factors. At this stage in the pandemic we consider that the principal risk to the business is now the rate at which business activity returns to normal.

Financial instruments

Objectives and policies

The Group's financial instruments comprise cash and various items that arise directly from operations (such as trade debtors, trade creditors etc). The main purpose of these instruments is to fund the Group's operations.

North East England Chamber of Commerce

Directors' Report for the Year Ended 31 December 2020 (continued)

Interest rate risk, liquidity risk, foreign currency risk and credit risk

Interest rate risk

As the Group has no borrowings and has cash reserves it is not considered to have significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to access the necessary funds to finance its operations. The Group finances operations through cash reserves which total £2,415,000 at the year end. The risk is managed by monitoring existing cash reserves against forecast future requirements

Foreign currency risk

All transactions and cash balances are denominated in sterling therefore there is no foreign currency risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet their contractual obligations. Where appropriate, customers are analysed for credit worthiness before the Group's standard payment terms and conditions are offered and credit limits are set.

Future developments

See disclosure within the fair review of the business within the Strategic report along with the reports of the President, Chairman and Chief Executive.

The group continues to keep government guidance and other information concerning Covid-19 and the related restrictions under constant review. We welcome plans to ease these restrictions over the course of 2021, while recognising that the existence and timing of these easements remains inherently uncertain.

While we continue to deliver a full range of services to our members during lockdown, including an online events programme we are planning for a resumption of face to face events and a return to our offices when government guidance permits.

Not all of the impact of this period will be negative as new working practices and services have developed which we intend to retain long term alongside the return of more familiar aspects of our business as the impact of COVID-19 eventually recedes in time.

The group soft launched a new Customs service for members during 2020, but have invested significantly in recruiting and training a team of staff to deliver this service in 2021 in response to the significant expansion in demand for these services as a result of leaving the Customs Union of the European Union.

North East England Chamber of Commerce

Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern

Further information on the group's business activities, together with the factors likely to affect its future development, performance and position are set out in the President's Report, the Chairman's Report, the Chief Executive's Report and also in the Directors' Report and Strategic Report.

The group and company meet day to day working capital requirements through cash generated from operations. The group had no borrowings at the year end or at any time during the year. The profit for the 2020 financial year was £201,000 and the cash generated from operations was £1,192,000. The closing cash balance at the year end was £2,415,000. In addition to the closing cash balance the group holds further fixed term bank deposits classified as current asset investments totalling £412,000 at the end of 2020.

The group has prepared detailed financial forecasts and projections for the next twelve months which include the current impact of COVID-19 on operations and cautious improvements in the course of 2021; these include the suspension of events until mid-2021, and gradual improvements in both membership numbers and the volume of export documentation processed during the course of the year. The financial results of the group's trading subsidiary North East Worldwide Limited have not been significantly impacted by COVID-19, and this is also reflected in the forecasts. These forecasts also include sensitivities which take account of severe but plausible downsides including further reductions in membership numbers and the volumes of export documentation processed and delays in the resumption of face to face events.

These forecasts also include the impact of mitigating actions which the Chamber is already undertaking to minimise the impact of COVID-19, and those which may be considered in the event of further downsides.

In the directors' assessment of possible changes in trading performance they have considered a fall in demand for its services and potential cost savings which are reflective of the business continuity plan.

Key scenarios and assumptions are as follows:

- The Department for International Trade contract delivered by the Group is due to end in September 2021, however in light of the current circumstances, management believe that the most likely outcome is that there will be a further short extension to March 2022 to allow time for a tender exercise to be completed, however this is naturally uncertain. The Group continues to monitor this risk and is confident that this risk could be managed both from an operational and a financial perspective even if an extension was not granted;
- That North East Worldwide's business will continue operating at normal trading levels;
- That the Chamber's business will gradually return to normal levels over the course of 2021 and 2022.

The rate at which economic activity and business confidence recover from the impact of Covid-19 and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation. However the forecasts, including the downside sensitivities, show that the group should be able to continue in operational existence as a going concern.

The combination of the substantial group cash reserves and the ability of the group to manage the impact of any longer term reduction in trading levels further into 2022 provides comfort that the group has adequate financial resources to continue in operational existence for at least twelve months from the date of signing of the financial statements.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

North East England Chamber of Commerce

Directors' Report for the Year Ended 31 December 2020 (continued)

Directors' liabilities

The Group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions will remain in force at the reporting date.

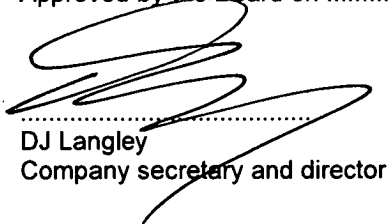
Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on **12.5.21**... and signed on its behalf by:



.....
DJ Langley
Company secretary and director

North East England Chamber of Commerce

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 parent company and of the surplus or deficit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

North East England Chamber of Commerce

Independent Auditor's Report to the Members of North East England Chamber of Commerce

Opinion

We have audited the financial statements of North East England Chamber of Commerce (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Income Statement, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Reserves, Statement of Changes in Reserves, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 December 2020 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 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 director's 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 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.

North East England Chamber of Commerce

Independent Auditor's Report to the Members of North East England Chamber of Commerce (continued)

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 the audit:

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 16), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

North East England Chamber of Commerce

Independent Auditor's Report to the Members of North East England Chamber of Commerce (continued)

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

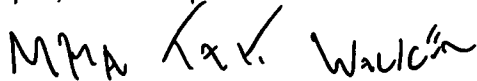
Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: employment law and compliance with the UK Companies Act and tax legislation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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



.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle
Tyne and Wear
NE3 3LS

Date: 18/5/21

MHA Tait Walker is a trading name of Tait Walker LLP.

North East England Chamber of Commerce

Consolidated Income Statement for the Year Ended 31 December 2020

	Note	Total 2020 £000	Total 2019 £000
Turnover	3	4,620	5,221
Cost of sales		<u>(2,388)</u>	<u>(2,831)</u>
Gross profit		2,232	2,390
Administrative expenses		(2,240)	(2,209)
Other operating income	4	<u>254</u>	<u>163</u>
Operating profit	6	246	344
Other interest receivable and similar income	7	<u>14</u>	<u>12</u>
Profit before tax		260	356
Taxation	11	<u>(59)</u>	<u>(67)</u>
Profit for the financial year		<u>201</u>	<u>289</u>

The above results were derived from continuing operations.

The group has no other recognised income or expense for the year other than the results above.

The notes on pages 26 to 43 form an integral part of these financial statements.


North East England Chamber of Commerce

(Registration number: 02938084)

Consolidated Balance Sheet as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	147	159
Tangible assets	13	670	699
Investment property	14	1,839	1,866
		<u>2,656</u>	<u>2,724</u>
Current assets			
Debtors	16	388	858
Investments	17	412	402
Cash at bank and in hand		2,415	1,274
		<u>3,215</u>	<u>2,534</u>
Creditors: Amounts falling due within one year	18	<u>(1,359)</u>	<u>(970)</u>
Net current assets		<u>1,856</u>	<u>1,564</u>
Total assets less current liabilities		4,512	4,288
Creditors: Amounts falling due after more than one year	18	(12)	-
Provisions for liabilities	11	<u>(103)</u>	<u>(92)</u>
Net assets		<u>4,397</u>	<u>4,196</u>
Capital and reserves			
Other reserves		39	39
Profit and loss account		4,358	4,157
Total reserves		<u>4,397</u>	<u>4,196</u>

Approved and authorised by the Board on 12.5.21 and signed on its behalf by:


JPB Marshall (Chairman)
Director


DJ Langley (Chief Operating Officer)
Director

The notes on pages 26 to 43 form an integral part of these financial statements.

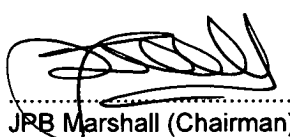
North East England Chamber of Commerce

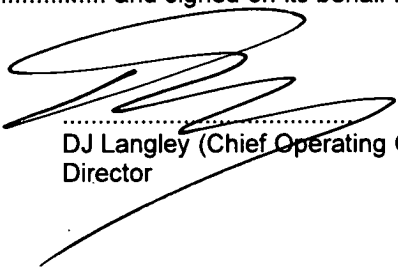
(Registration number: 02938084)

Balance Sheet as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	147	159
Tangible assets	13	670	699
Investment property	14	1,839	1,866
		<u>2,656</u>	<u>2,724</u>
Current assets			
Debtors	16	432	519
Investments	17	412	402
Cash at bank and in hand		1,411	987
		<u>2,255</u>	<u>1,908</u>
Creditors: Amounts falling due within one year	18	<u>(981)</u>	<u>(838)</u>
Net current assets		<u>1,274</u>	<u>1,070</u>
Total assets less current liabilities		3,930	3,794
Creditors: Amounts falling due after more than one year	18	(12)	-
Provisions for liabilities	11	<u>(105)</u>	<u>(93)</u>
Net assets		<u>3,813</u>	<u>3,701</u>
Capital and reserves			
Other reserves		39	39
Profit and loss account		3,774	3,662
Total reserves		<u>3,813</u>	<u>3,701</u>

Approved and authorised by the Board on 12.5.21 and signed on its behalf by:


JRB Marshall (Chairman)
Director


DJ Langley (Chief Operating Officer)
Director

The notes on pages 26 to 43 form an integral part of these financial statements.

North East England Chamber of Commerce

Consolidated Statement of Changes in Reserves for the Year Ended 31 December 2020

	Other reserves £000	Profit and loss account £000	Total £000
At 1 January 2019	39	3,868	3,907
Profit for the year	-	289	289
Total comprehensive income	-	289	289
At 31 December 2019	39	4,157	4,196

	Other reserves £000	Profit and loss account £000	Total £000
At 1 January 2020	39	4,157	4,196
Profit for the year	-	201	201
Total comprehensive income	-	201	201
At 31 December 2020	39	4,358	4,397

The notes on pages 26 to 43 form an integral part of these financial statements.

North East England Chamber of Commerce

Statement of Changes in Reserves for the Year Ended 31 December 2020

	Other reserves £000	Profit and loss account £000	Total £000
At 1 January 2019	39	3,457	3,496
Profit for the year	-	205	205
Total comprehensive income	-	205	205
At 31 December 2019	39	3,662	3,701

	Other reserves £000	Profit and loss account £000	Total £000
At 1 January 2020	39	3,662	3,701
Profit for the year	-	112	112
Total comprehensive income	-	112	112
At 31 December 2020	39	3,774	3,813

The notes on pages 26 to 43 form an integral part of these financial statements.

North East England Chamber of Commerce

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the year		201	289
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		95	89
Changes in fair value of investment property		28	(10)
Loss on disposal of intangible assets	5	-	9
Finance income		(14)	(12)
Income tax expense		59	67
		<u>369</u>	<u>432</u>
Working capital adjustments			
Decrease/(increase) in debtors		470	(97)
Increase in creditors		<u>383</u>	<u>16</u>
Cash generated from operations		1,222	351
Income taxes (paid)/received		<u>(30)</u>	<u>1</u>
Net cash flow from operating activities		<u>1,192</u>	<u>352</u>
Cash flows from investing activities			
Interest received		14	12
Acquisition of tangible assets	13	(21)	(61)
Acquisition of intangible assets	12	(33)	(80)
Acquisition of investment properties		<u>(1)</u>	<u>(27)</u>
Net cash flows from investing activities		(41)	(156)
Cash flows from financing activities			
(Deposits to) / Proceeds from redemption of fixed term deposit		<u>(10)</u>	<u>(198)</u>
Net increase/(decrease) in cash and cash equivalents		1,141	(2)
Cash and cash equivalents at 1 January		<u>1,274</u>	<u>1,276</u>
Cash and cash equivalents at 31 December		<u>2,415</u>	<u>1,274</u>

The notes on pages 26 to 43 form an integral part of these financial statements.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a company limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The address of its registered office is Aykley Heads Business Centre, Aykley Heads, Durham, DH1 5TS.

The principal activity of the group is to provide independent representation of the interests of its members and, together with the subsidiary, contribute to the improvement of the conditions and trading environment in which businesses operate in the North East of England through its representational activities and the provision of business support services. The principal activity of the subsidiary is the provision of a broad range of advice, market intelligence and financial support to companies new to exporting or addressing new export markets (funded by The Department for International Trade and the European Regional Development Fund).

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except investment properties that are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the financial year and total comprehensive income for the year was £112,000 (2019 - £205,000).

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the parent company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

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

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

Further information on the group's business activities, together with the factors likely to affect its future development, performance and position are set out in the President's Report, the Chairman's Report, the Chief Executive's Report and also in the Directors' Report and Strategic Report.

The group and company meet day to day working capital requirements through cash generated from operations. The group had no borrowings at the year end or at any time during the year. The profit for the 2020 financial year was £201,000 and the cash generated from operations was £1,192,000. The closing cash balance at the year end was £2,415,000. In addition to the closing cash balance the group holds further fixed term bank deposits classified as current asset investments totalling £412,000 at the end of 2020.

The group has prepared detailed financial forecasts and projections for the next twelve months which include the current impact of COVID-19 on operations and cautious improvements in the course of 2021; these include the suspension of events until mid-2021, and gradual improvements in both membership numbers and the volume of export documentation processed during the course of the year. The financial results of the group's trading subsidiary North East Worldwide Limited have not been significantly impacted by COVID-19, and this is also reflected in the forecasts. These forecasts also include sensitivities which take account of severe but plausible downsides including further reductions in membership numbers and the volumes of export documentation processed and delays in the resumption of face to face events. These forecasts also include the impact of mitigating actions which the Chamber is already undertaking to minimise the impact of COVID-19, and those which may be considered in the event of further downsides.

In the directors' assessment of possible changes in trading performance they have considered a fall in demand for its services and potential cost savings which are reflective of the business continuity plan. Key scenarios and assumptions are as follows:

- The Department for International Trade contract delivered by the Group is due to end in September 2021, however in light of the current circumstances, management believe that the most likely outcome is that there will be a further short extension to March 2022 to allow time for a tender exercise to be completed, however this is naturally uncertain.

The Group continues to monitor this risk and is confident that this risk could be managed both from an operational and a financial perspective even if an extension was not granted;

- That North East Worldwide's business will continue operating at normal trading levels;
- That the Chamber's business will gradually return to normal levels over the course of 2021 and 2022.

The rate at which economic activity and business confidence recover from the impact of Covid-19 and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation. However the forecasts, including the downside sensitivities, show that the group should be able to continue in operational existence as a going concern.

The combination of the substantial group cash reserves and the ability of the group to manage the impact of any longer term reduction in trading levels further into 2022 provides comfort that the group has adequate financial resources to continue in operational existence for at least twelve months from the date of signing of the financial statements.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Value of investment property - The carrying value of the investment property is subject to review of the market value of the properties by an external valuer. The value is assessed on an annual basis and any changes in the market value of the properties is realised in the income statement.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £670,000 (2019 - £699,000).

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover from membership subscriptions is recognised on a straight line basis over the period of the membership and in line with the services rendered. Turnover from International trade contracts is recognised when it and the associated costs can be measured reliably and when there is certainty to the entitlement of benefits.

Government grants

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred, with the exception of those grants which are subject to explicit performance obligations which are recognised only when there is certainty to the entitlement of benefits.

Government grants relating to costs incurred by the company are recognised in the income statement over the period necessary to match them with costs that they are intended to compensate. Government grants are presented separately and disclosed in other operating income. Other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme during the Covid-19 Pandemic.

Other operating income

Other operating income includes rents receivable under operating leases for the period, exclusive of Value Added Tax and gains on investment properties as well as amounts provided through the Coronavirus Job Retention Scheme during the Covid-19 Pandemic.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Tangible assets

Tangible assets are stated in balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than freehold land and investment properties, over their estimated useful lives, as follows:

Asset class

Freehold land and buildings
Leasehold land and buildings
Fixtures, fittings and equipment

Depreciation method and rate

Straight line over 50 years
Straight line over the life of the lease to a maximum of 50 years
Straight line over 3 to 5 years

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating units) from previous years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried in a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investment property

Investment properties are initially measured at cost and subsequently are carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	Straight line over 3 to 5 years

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Turnover

The analysis of the group's turnover for the year from continuing operations is as follows:

	2020 £000	2019 £000
Rendering of services	4,620	5,221

The analysis of the group's turnover for the year by class of business is as follows:

	2020 £000	2019 £000
Membership subscriptions	1,556	1,783
Business services	74	218
International trade services	2,990	3,220
	4,620	5,221

The analysis of the group's turnover for the year by geographical market is as follows:

	2020 £000	2019 £000
UK	4,620	5,221

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020 £000	2019 £000
Other income	47	15
Coronavirus job retention scheme	88	-
(Loss)/gain on investment properties	(27)	10
Rent receivable	146	138
	254	163

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2020 £000	2019 £000
(Loss)/gain on disposal of intangible assets	-	(9)

6 Operating profit

Arrived at after charging

	2020 £000	2019 £000
Depreciation expense	50	58
Amortisation expense	45	31

7 Other interest receivable and similar income

	2020 £000	2019 £000
Interest income on bank deposits	14	12

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £000	2019 £000
Wages and salaries	2,941	2,740
Social security costs	293	267
Other short-term employee benefits	16	-
Pension costs, defined contribution scheme	115	116
	3,365	3,123

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Chamber of Commerce and group services	56	52
International trade contract services	33	34
	89	86

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £000	2019 £000
Remuneration	239	224
Contributions paid to money purchase schemes	14	14
	<u>253</u>	<u>238</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2020 £000	2019 £000
Remuneration	143	138
Company contributions to money purchase pension schemes	<u>7</u>	<u>7</u>

10 Auditor's remuneration

	2020 £000	2019 £000
Audit of these financial statements	7	7
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>6</u>	<u>5</u>
	<u>13</u>	<u>12</u>
Other fees to auditor		
Audit-related assurance services	<u>1</u>	<u>1</u>

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Taxation

Tax charged in the income statement

	2020 £000	2019 £000
Current taxation		
UK corporation tax	54	36
UK corporation tax adjustment to prior periods	(7)	(1)
	<u>47</u>	<u>35</u>
Deferred taxation		
Arising from origination and reversal of timing differences	5	27
Arising from changes to tax rate	11	-
Arising from changes from prior periods	(4)	5
Total deferred taxation	<u>12</u>	<u>32</u>
Tax expense in the income statement	<u>59</u>	<u>67</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £000	2019 £000
Profit before tax	<u>260</u>	<u>356</u>
Corporation tax at standard rate	49	68
Effect of revenues exempt from taxation	-	(8)
Effect of expense not deductible in determining taxable profit (tax loss)	10	10
UK deferred tax expense/(credit) relating to changes in tax rates or laws	11	(4)
Decrease from tax losses for which no deferred tax asset was recognised	-	(3)
Decrease in UK and foreign current tax from unrecognised temporary difference from a prior period	(7)	(1)
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	<u>(4)</u>	<u>5</u>
Total tax charge	<u>59</u>	<u>67</u>

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £000
2020	
Accelerated capital allowances	106
Short term timing differences	(3)
	<u>103</u>
	Liability £000
2019	
Accelerated capital allowances	92
Short term timing differences	-
	<u>92</u>

There are £248,000 of unused tax credits (2019 - £217,000) for which no deferred tax asset is recognised in the Balance Sheet.

Company

Deferred tax assets and liabilities

	Liability £000
2020	
Accelerated capital allowances	107
Short term timing differences	(2)
	<u>105</u>
	Liability £000
2019	
Accelerated capital allowances	93
Short term timing differences	-
	<u>93</u>

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. The deferred tax asset at 31 December 2020 has been calculated based on this rate.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Intangible assets

Group and Company

	Software £000
Cost	
At 1 January 2020	537
Additions	33
At 31 December 2020	570
Amortisation	
At 1 January 2020	378
Amortisation charge	45
At 31 December 2020	423
Carrying amount	
At 31 December 2020	147
At 31 December 2019	159

13 Tangible assets

Group and Company

	Freehold land and buildings £000	Long leasehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 January 2020	569	108	237	914
Additions	2	-	19	21
At 31 December 2020	571	108	256	935
Depreciation				
At 1 January 2020	54	8	153	215
Charge for the year	11	3	36	50
At 31 December 2020	65	11	189	265
Carrying amount				
At 31 December 2020	506	97	67	670
At 31 December 2019	515	100	84	699

Leasehold land and buildings are held under a 125 year lease.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Investment properties

Group and Company

	2020 £000
At 1 January	1,866
Additions	1
Fair value adjustments	(28)
At 31 December	<u>1,839</u>

The investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the cash flows is then applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value is recognised in the Income Statement.

15 Investments

Company

Joint Ventures

Go Global North East Limited was incorporated in England on 13 February 2012, has a financial year end 31 March, and is limited by guarantee. The North East England Chamber of Commerce (Limited by Guarantee) has a 33% interest in the joint venture. The investment is held at the carrying amount of £Nil (2019 - £Nil), under the equity method.

Go Global North East Limited was awarded a contract to deliver International Trade Services in the North East from 31 March 2012. These services included the provision of a broad range of advice, market intelligence and financial support to companies new to exporting or addressing new export markets. The contract ended on 31 March 2016 and the company ceased trading on 31 December 2016.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Investments (continued)

Shares in group undertakings Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
North East Worldwide Limited	Aykley Heads Business Centre, Aykley Heads, Durham, DH1 5TS England	Ordinary shares	100%	100%
Joint ventures				
Go Global North East Limited	Aykley Heads Business Centre, Aykley Heads, Durham, DH1 5TS England		33%	33%

The principal activity of North East Worldwide Limited is advice and support.

Go Global North East Limited is dormant.

16 Debtors

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	261	571	210	301
Amounts owed by group undertakings	-	-	74	67
Other debtors	3	6	3	5
Prepayments and accrued income	124	281	145	146
	<u>388</u>	<u>858</u>	<u>432</u>	<u>519</u>

17 Current asset investments

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Fixed term deposit	<u>412</u>	<u>402</u>	<u>412</u>	<u>402</u>

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Creditors

	2020 £000	Group 2019 £000	2020 £000	Company 2019 £000
Due within one year				
Trade creditors	70	160	61	158
Social security and other taxes	355	132	183	43
Other creditors	2	6	2	5
Accruals	877	635	701	614
Corporation tax liability	55	37	34	18
	<u>1,359</u>	<u>970</u>	<u>981</u>	<u>838</u>
Due after one year				
Other non-current financial liabilities	<u>12</u>	<u>-</u>	<u>12</u>	<u>-</u>

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £115,000 (2019 - £116,000).

Contributions totalling £108 (2019 - £401) were payable to the scheme at the end of the year and are included in creditors.

20 Capital and reserves

The company is a company limited by guarantee not having a called up share capital. Each member of the company is liable to the extent of £1 in the event of the company being wound up and therefore being insufficient assets to pay off the liabilities. Accordingly, the company has no shareholders' funds and no reconciliation of movements in shareholders' funds has been presented.

21 Obligations under leases and hire purchase contracts

Group and Company

Operating leases

The total of future minimum lease payments is as follows:

	2020 £000	2019 £000
Not later than one year	19	19
Later than one year and not later than five years	<u>15</u>	<u>34</u>
	<u>34</u>	<u>53</u>

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

21 Obligations under leases and hire purchase contracts (continued)

The amount of non-cancellable operating lease payments recognised as an expense during the year was £19,000 (2019 - £4,000).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2020 £000	2019 £000
Not later than one year	103	119
Later than one year and not later than five years	61	161
	<u>164</u>	<u>280</u>

22 Contingent liabilities

Group

The company has provided a performance guarantee in respect of its subsidiary North East Worldwide Limited for its contract with the Department for International Trade. No amounts have been provided in these financial statements in respect of these guarantees as the likelihood of them being called in is considered to be remote.

As disclosed within the accounts, North East England Chamber of Commerce has a 33% interest in Go Global North East Limited, a joint venture with RTC North Limited and the North East of England Process Industry Cluster Limited. The three joint venture partners, of which the Chamber is one, have entered into a joint and several performance guarantee in respect of this entity up to a maximum of £5 million each.

23 Related party transactions

Group

Key management compensation

	2020 £000	2019 £000
Salaries and other short term employee benefits	<u>369</u>	<u>335</u>

During the normal course of trade the company purchases goods and services and receives income from organisations in which directors have an interest. Any material transaction in the context of the financial statements is approved by the board.

North East England Chamber of Commerce

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

23 Related party transactions (continued)

Board member	Organisation	Sales 2020 £000	Purchases 2020 £000	(Owed to)/ due from member 2020 £000	(Owed to)/ due from member 2019 £000
PB Moran	KPMG LLP	-	-	-	2
T Stonehouse	KPMG LLP	3	7	-	-
WH Moran	Northern Recruitment Group Limited	2	-	-	-
KLH Winskell, OBE	Northumbria University	3	-	-	-
EM Gaudern	EMG Solicitors	1	-	1	1
J McCabe	Fusion PR (UK) Limited	1	-	-	-
AS Haigh	Newcastle Building Society	11	-	-	-
G Courtney, MBE	Wessington Cryogenics Limited	2	-	-	-
RJL Swart	Berger Closures	1	-	-	-
GJ Sanger	Pulsant Ltd	13	-	-	-
JPB Marshall	Newcastle Gateshead Initiative	3	4	-	-
JS Goult	P X Group	2	-	-	-

The amounts outstanding are unsecured non-interest bearing and will be settled in cash. No expense has been recognised in the year (2019 - £Nil) in respect of bad debts from related parties.

24 Parent and ultimate parent undertaking

The company is controlled by its board of directors acting on behalf of its members.