

Company Registration No. 02441306 (England and Wales)

**NORTH EAST BUSINESS AND INNOVATION
CENTRE LIMITED**

COMPANY LIMITED BY GUARANTEE

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017**

FRIDAY



A6LCWZWX

A11

15/12/2017

#259

COMPANIES HOUSE

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
COMPANY INFORMATION**

Directors	J N Anderson CBE P J McEldon K W Carrick
Secretary	P J McEldon
Company number	02441306
Registered office	Sunderland Enterprise Park Riverside Sunderland Tyne and Wear SR5 2TA
Auditor	RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD
Bankers	National Westminster 52 Fawcett Street Sunderland SR1 1SB
Solicitors	McKenzie Bell 19 John Street Sunderland SR1 1JG

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their strategic report for the year ended 31 March 2017. These financial statements include the results of the North East Business and Innovation Centre Limited and its wholly owned subsidiary Tedco Business Support Limited. The principal activity of North East Business and Innovation Centre Limited is shown below within the fair review of business. The principal activity of its subsidiary, Tedco Business Support Limited, continued to be that of consultative and other support services.

Fair review of the business

The objects for which the group is established are:

- the promotion or encouragement of industrial or commercial activity or enterprise within the United Kingdom with particular reference to encouraging the formation of new businesses and development of existing business;
- to develop, secure and provide training, advisory, consultative and other support services and advice to and for individuals and businesses; and
- the provision and maintenance of business accommodation.

The profit for the year before taxation for the group amounted to £431k (2016: £420k), which includes profit attributable to the subsidiary of £1.5k (2016: loss of £35k).

The directors were satisfied with the performance of the company and the financial results achieved in 2016/17.

Key performance indicators

Occupancy rates continue to be higher than budgeted with Sunderland averaging 92%, Washington 100% and Darlington 70% actual over 4 quarters (1-4) 2016/2017.

Principal risks and uncertainties

The effects of the announcement of Brexit on overall operations has been minimal during 16/17 but has increased uncertainty around a couple of ERDF funded projects which are due to cease in September 2018. There are further calls from Government to possibly extend these programmes to 2021 but this is a competitive environment and the outcome is certainly not without risk. If the outcome was negative it would have little effect on our financial position but reduce some of our business support offerings to the businesses and individuals of the North East.

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

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

Future developments

Trading conditions in 2017/18 continue to be very challenging but the directors are confident of continuing a positive performance and of achieving maximum returns from the opportunities available.

On behalf of the board



J N Anderson CBE
Director

12 December 2017

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their annual report and financial statements for the year ended 31 March 2017.

Directors

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

J N Anderson CBE

Canon B Hails

(Resigned 15 December 2016)

P J McEldon

K W Carrick

(Appointed 13 October 2016)

Results and dividends

The results for the year are set out on page 5.

Auditor

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

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2014 to set out in the group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The strategic report is shown on page 1 of these consolidated financial statements.

On behalf of the board



J N Anderson CBE

Director

12 December 2017

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

COMPANY LIMITED BY GUARANTEE

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Iain Corner FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

.....
14 December 2017

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2017**

		2017	2016
	Notes	£	£
Turnover	3	5,195,208	4,051,879
Administrative expenses		(5,024,704)	(3,947,421)
Other operating income		252,993	310,254
Operating profit	4	423,497	414,712
Interest receivable and similar income	8	7,370	5,084
Profit before taxation		430,867	419,796
Taxation	9	(23,488)	(5,770)
Profit for the financial year	21	407,379	414,026
Retained earnings brought forward		12,524,188	12,110,162
Retained earnings carried forward		12,931,567	12,524,188

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

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

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

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	10	(68,799)		(68,799)	
Tangible assets	11	11,574,979		11,620,356	
		<u>11,506,180</u>		<u>11,551,557</u>	
Current assets					
Debtors	14	868,524		488,403	
Cash at bank and in hand		3,005,361		2,892,953	
		<u>3,873,885</u>		<u>3,381,356</u>	
Creditors: amounts falling due within one year	15	(1,040,867)		(770,116)	
Net current assets		<u>2,833,018</u>		<u>2,611,240</u>	
Total assets less current liabilities		<u>14,339,198</u>		<u>14,162,797</u>	
Creditors: amounts falling due after more than one year	16	(1,240,204)		(1,493,197)	
Provisions for liabilities	18	(167,427)		(145,412)	
Net assets		<u><u>12,931,567</u></u>		<u><u>12,524,188</u></u>	
Capital and reserves					
Profit and loss reserves	21	<u><u>12,931,567</u></u>		<u><u>12,524,188</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 12 December 2017 and are signed on its behalf by:


J N Anderson CBE
Director

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

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11	11,574,979		11,620,356	
Investments	12		2		2
		<u>11,574,981</u>		<u>11,620,358</u>	
Current assets					
Debtors	14	762,035		381,662	
Cash at bank and in hand		2,582,119		2,618,064	
		<u>3,344,154</u>		<u>2,999,726</u>	
Creditors: amounts falling due within one year	15	<u>(860,158)</u>		<u>(736,061)</u>	
Net current assets		<u>2,483,996</u>		<u>2,263,665</u>	
Total assets less current liabilities		<u>14,058,977</u>		<u>13,884,023</u>	
Creditors: amounts falling due after more than one year	16	(1,240,204)		(1,493,197)	
Provisions for liabilities	18	<u>(167,427)</u>		<u>(145,412)</u>	
Net assets		<u><u>12,651,346</u></u>		<u><u>12,245,414</u></u>	
Capital and reserves					
Profit and loss reserves	21	<u><u>12,651,346</u></u>		<u><u>12,245,414</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £405,932 (2016 - £443,044 profit).

The financial statements were approved by the board of directors and authorised for issue on 12 December 2017 and are signed on its behalf by:


J N Anderson CBE
Director

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	25	95,761		208,630	
Income taxes refunded/(paid)		1		(81,760)	
Net cash inflow from operating activities		95,762		126,870	
Investing activities					
Purchase of tangible fixed assets		-		(48,099)	
Proceeds on disposal of tangible fixed assets		9,276		(876)	
Interest received		7,370		5,084	
Net cash generated from/(used in) investing activities		16,646		(43,891)	
Net cash used in financing activities		-		-	
Net increase in cash and cash equivalents		112,408		82,979	
Cash and cash equivalents at beginning of year		2,892,953		2,809,974	
Cash and cash equivalents at end of year		3,005,361		2,892,953	

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

North East Business and Innovation Centre Limited is a company limited by guarantee incorporated in England and Wales. The registered office is Sunderland Enterprise Park, Riverside, Sunderland, Tyne and Wear, SR5 2TA.

The group consists of North East Business and Innovation Centre Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate those of North East Business and Innovation Centre Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

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

Turnover

The income shown in the statement of income and retained earnings represents the total of all government grants receivable in respect of revenue expenditure and all invoices raised to third parties for the provision of accommodation and other business support and services, exclusive of Value Added Tax.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in identifiable assets and liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which these non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	see below
Fixtures and fittings	straight line up to 20 years
Motor vehicles	straight line up to 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold property is depreciated to write down the cost less estimated residual value over its remaining useful life by equal annual instalments. Where buildings are maintained to such a standard that their residual value is not less than their cost or valuation, no depreciation is charged as it is not material.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

**NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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 BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Rental income	1,870,476	1,614,142
Other funding	3,324,732	2,437,737
	<u>5,195,208</u>	<u>4,051,879</u>
Other revenue		
Interest income	7,370	5,084
Grants received	252,993	310,254
	<u>260,363</u>	<u>315,338</u>
Turnover analysed by geographical market		
	2017	2016
	£	£
United Kingdom	<u>5,195,208</u>	<u>4,051,879</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(252,993)	(310,254)
Depreciation of owned tangible fixed assets	35,485	33,516
Loss/(profit) on disposal of tangible fixed assets	616	(91)
Operating lease charges	28,273	20,639
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,500	9,100
Audit of the company's subsidiaries	4,500	2,900
	<u> </u>	<u> </u>
	12,000	12,000
	<u> </u>	<u> </u>
For other services		
All other non-audit services	5,450	5,100
	<u> </u>	<u> </u>

6 Employees

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

	2017	2016
	Number	Number
Administrative staff	57	50
Management staff	12	12
	<u> </u>	<u> </u>
	69	62
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	1,630,876	1,335,122
Social security costs	122,657	140,140
Pension costs	111,222	94,315
	<u> </u>	<u> </u>
	1,864,755	1,569,577
	<u> </u>	<u> </u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

7 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	72,073	71,796
Company pension contributions to defined contribution schemes	16,304	16,132
	<u>88,377</u>	<u>87,928</u>

During the year one (2016: one) director accrued benefits under company pension schemes.

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	7,370	5,084
	<u>7,370</u>	<u>5,084</u>

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	1,474	(6,458)
	<u>1,474</u>	<u>(6,458)</u>
Deferred tax		
Origination and reversal of timing differences	22,014	12,228
	<u>22,014</u>	<u>12,228</u>
Total tax charge	<u>23,488</u>	<u>5,770</u>

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

	2017	2016
	£	£
Profit before taxation	430,867	419,796
	<u>430,867</u>	<u>419,796</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	86,173	83,959
Tax effect of expenses that are not deductible in determining taxable profit	123	-
Tax effect of income not taxable in determining taxable profit	(50,599)	(62,051)
Deferred tax adjustments in respect of prior years	(185)	-
Effect of differing rates on the group tax	(13,410)	(16,138)
Sundry tax adjusting items	1,386	-
	<u>23,488</u>	<u>5,770</u>
Taxation charge for the year	<u>23,488</u>	<u>5,770</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

10 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 April 2016 and 31 March 2017	(68,799)
Amortisation and impairment	
At 1 April 2016 and 31 March 2017	-
Carrying amount	
At 31 March 2017	(68,799)
At 31 March 2016	(68,799)

On 30 September 2014, North East Business and Innovation Centre Limited, acquired 100% of the share capital of TEDCO Business Support Limited for consideration of £1, paid in cash. There were no accounting policy alignment adjustments required to be made on acquisition. The book value and fair value on the acquisition date was £68,800. Therefore on consolidation negative goodwill of £68,799 arises.

11 Tangible fixed assets

Group and company	Freehold property	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 2016	11,400,000	220,136	60,762	11,680,898
Disposals	-	-	(15,371)	(15,371)
At 31 March 2017	11,400,000	220,136	45,391	11,665,527
Depreciation and impairment				
At 1 April 2016	-	46,355	14,187	60,542
Depreciation charged in the year	-	25,009	10,476	35,485
Eliminated in respect of disposals	-	-	(5,479)	(5,479)
At 31 March 2017	-	71,364	19,184	90,548
Carrying amount				
At 31 March 2017	11,400,000	148,772	26,207	11,574,979
At 31 March 2016	11,400,000	173,781	46,575	11,620,356

Land and buildings with a carrying amount of £11,400,000 were revalued at 31 March 2014 by Naylor's Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11 Tangible fixed assets (Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Cost	13,586,010	13,586,010	13,586,010	13,586,010
Accumulated depreciation	-	-	-	-
Carrying value	<u>13,586,010</u>	<u>13,586,010</u>	<u>13,586,010</u>	<u>13,586,010</u>

12 Fixed asset investments

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Investments in subsidiaries	13	-	-	2	2

Movements in fixed asset investments

Company	Shares
	£
Cost or valuation	
At 1 April 2016 & 31 March 2017	2
Carrying amount	
At 31 March 2017	2
At 31 March 2016	2

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
			Direct Indirect
North East of England Business and Innovation Centre Limited	United Kingdom Dormant	Ordinary	100.00
TEDCO Business Support Limited	United Kingdom Consultative and other support services	Ordinary	100.00

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

13 Subsidiaries (Continued)

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

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
North East of England Business and Innovation Centre Limited	-	1
TEDCO Business Support Limited	1,447	349,021

14 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	165,952	207,253	135,184	124,412
Corporation tax recoverable	4,984	6,458	-	-
Amounts owed by group undertakings	-	-	7,585	1,632
Other debtors	171,136	5,001	152,000	-
Prepayments and accrued income	486,452	229,691	427,266	215,618
	<u>828,524</u>	<u>448,403</u>	<u>722,035</u>	<u>341,662</u>
Amounts falling due after more than one year:				
Other debtors	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Total debtors	<u>868,524</u>	<u>488,403</u>	<u>762,035</u>	<u>381,662</u>

15 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	193,313	244,059	153,726	222,566
Corporation tax payable	-	-	1,474	-
Other taxation and social security	110,357	42,075	99,586	58,342
Other creditors	192,007	148,831	192,007	129,911
Accruals and deferred income	545,190	335,151	413,365	325,242
	<u>1,040,867</u>	<u>770,116</u>	<u>860,158</u>	<u>736,061</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

16 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Government grants	19	1,240,204	1,493,197	1,240,204	1,493,197

17 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,279,915	3,145,207	2,952,833	2,784,108
Equity instruments measured at cost less impairment	-	-	2	2
Carrying amount of financial liabilities				
Measured at amortised cost	930,510	728,041	759,098	677,719

18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Group		
Excess of taxation allowances over depreciation	218,617	224,846
Tax losses	(51,190)	(79,434)
	167,427	145,412
	Liabilities 2017 £	Liabilities 2016 £
Company		
Excess of taxation allowances over depreciation	218,617	224,846
Tax losses	(51,190)	(79,434)
	167,427	145,412

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

18 Deferred taxation (Continued)

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 April 2016	145,412	145,412
Charge to profit or loss	22,015	22,015
Liability at 31 March 2017	<u>167,427</u>	<u>167,427</u>

19 Government grants

The government grant was received in relation to the purchase of the fixed assets of the group. The grant income is amortised over its useful life. During the period £252,993 (2016: £310,254) was released to the statement of income and retained earnings.

20 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>111,222</u>	<u>111,050</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Reserves

Profit and loss reserves
Cumulative profit and loss.

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	17,113	15,549	17,113	15,549
Between one and five years	21,391	3,018	21,391	3,018
	<u>38,504</u>	<u>18,567</u>	<u>38,504</u>	<u>18,567</u>

NORTH EAST BUSINESS AND INNOVATION CENTRE LIMITED
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

23 Related party transactions

Remuneration of key management personnel

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

	2017 £	2016 £
Aggregate compensation	96,113	92,503

Transactions with related parties

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

	Sale of services		Purchase of services	
	2017 £	2016 £	2017 £	2016 £
Group				
Entities under common control	98,014	110,442	-	585

No guarantees have been given or received.

24 Controlling party

The company and group was under the control of its directors throughout the current and previous year.

25 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	407,379	414,026
Adjustments for:		
Taxation charged	23,488	5,770
Investment income	(7,370)	(5,084)
Loss/(gain) on disposal of tangible fixed assets	616	(92)
Depreciation and impairment of tangible fixed assets	35,485	33,516
Movements in working capital:		
(Increase)/decrease in debtors	(381,595)	215,717
Increase/(decrease) in creditors	270,751	(143,631)
Amortisation of government grants	(252,993)	(311,592)
Cash generated from operations	95,761	208,630